

G. R. S. IX-5]

1925. 6.

File No.

G. F. 40.25

Serial Nos.

81, 90, + 97

Previous references.

Correspondence relating to payment of G. F.

G. F. 7-24-43 + 71.

G. F. 40-25-6, 20, 93.

G. F. 40-25-25, 48, 52 + 60.

Later references.

G. F. 40-25-76 + 77.

Later References

G. F. 7-26-56.

G. F. 253-26-3, 7, 8.

Stamps 27-27 28-28 29-29 30-30 31-31 32-32 (5-12)

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Three.

Part B for

October 1926

Forwards the report drawn up by Mr. Ganapathi Dyer on the Organization and Management of Public Debt work as a result of the study made of the systems of work in Bombay.

Shes 97

To The Comptroller to Govt

N. P. 3212 dated 21st Oct. 1926

Passes orders on the several points brought to notice in regard to the improvement and management of the State Loan Section this office and directs that amendments to the rules under the Securities Regulations VIII of 1925 necessitated by the above orders be issued.

AP 21/11

G.F.

File No.

Dno 5075

FL

WD 2910—GPB—10,000—31-5-24

of 1925-6

Serial
No.

81.

Letter no. S. L. 4023 dated 12th June 1926
from the Comptroller to Govt.

Forwards the report drawn up by Mr
Craupathi Dyr on the organization and
management of Public Health work as a
result of the Study made of the Systems
of work in Bombay.

The Comptroller states that he is taking
immediate action to introduce such of the
changes as can be effected without reference
to Govt. & shall address a separate
communication to Govt. submitting for their
approval the proposals contained in Mr
Craupathi Dyr's report which require their
sanction.

by
25.6.26

Vide notes in linked file

h

5/9.

transfer order
main file

Serial
No

90

From the Comptroller

NO 240 S.L. dated 7.8.26

In continuation of letter no S.L. 4023 Dated 19 June 1926 forwarding the report of Mr Gauapale Dyer on the subject of the organisation & management of Public Debt work in The Mysore State forward extracts from the same report and solicits ^{that} orders of Govt may be passed on them.

This letter has to be worked up along connection with the main report. Which has been submitted to the Post Secretary. Independent

Subs
under
20/8/26

action on the extracts sent in this letter cannot be taken without reference to the main report to which frequent allusions are made.

JMK 26
108

↑ T. J.

General and Revenue
SecretariatFile No. *W*of 192 *3*Serial
No

✓ Mr. Ganapathi Iyer's Note (62 pages of typed matter) is submitted herewith for perusal. I regret the delay in the submission as this was due to my having to go through carefully this lengthy document. My first idea ^{was} ~~was~~ to extract points for orders if any, and submit the same, but as ordered in person by the Finl. Secretary, I have now merely noted in pencil my views on the various points raised by him.

○ I must state, as Officer that held charge of this section for over 5 years and as one mainly responsible for bringing this to working order, that most of the suggestions which Mr. Ganapathi Iyer puts forth now as ~~new ones~~ for adoption have been considered and have been adopted wherever they were suitable. If they have not been adopted, it is because it was found, after very careful consideration, that it was not possible or desirable to adopt the same. We in Mysore need not necessarily copy any procedure ~~as~~ obtaining in British India, simply because that is followed in British India. This applies with all the greater force in the case of State Loan Bonds. Our circumstances are different. We deal with a public whose characteristics are different. ^{file} While this was under submission, the Comptroller has sent up separately ^{for order} what he considers as the points which require orders of Govt. on this report of Mr. Ganapathi Iyer. Since both these files may be disposed of together,

④ I note below my views on the suggestions of the Comptroller, in his letter dated 7th Aug. P. u. D. D.
(para 4) Transactions in the Public Debt Office and receiving of securities over the counter.

Para 2 of Comptroller's letter

NOTE—Contn. Sheet

GA counter is no doubt useful, but it will not

82 File No. 12

Serial
No.

I see no objection to
the Comptroller's proposal.
It may be adopted
as far as possible.

h
3-9-26.
Agree -
Muz

Para 3 of Comptroller's letter

This is a very wholesome provision - The
adoption of it will facilitate disposal of
unserviceable bonds presented to the
Comptroller before receipt of
report of loss - I agree to the
suggestion to limit the application of
the rule to bonds of the face value of Rs 1000
above. Rule 11 requires alteration -

h. h. Levy may be consulted
h. Para 4 of Comptroller's letter
Agree Muz

I support the Comptroller's recommendation.

The essential requirements are -

(1) There must be proof of the note
having been destroyed.

(2) If the applicant is not the
registered holder, he must satisfy the
Comptroller that he is the last legal holder
tracing his title back to the last
holder, supported by documents.

NOTE—Contn. Sheet

I do not think there is any
risk in accepting the suggestion -

serve the purposes which Mr. Ganapathi Iyer thinks
it would. Conditions in Mysore are essentially
different from those obtaining in Bombay. In
Mysore, most of the bonds received by the Comptroller
are received by post, because a majority of our
subscribers are non-Mysoreans. In the case of
Mysoreans the bonds or at any rate a large
portion of them have gone into the hands of the rich
who deal with banks and invariably therefore the
papers come through either banks or brokers. And
thus there are very few cases where parties hand
bonds over the counter. For this reason a court
in Mysore may not be as useful as in Bombay.
An experiment was tried for sometime but was not
successful.

5 Para 23. Lost Note cases. The taking of
affidavit ^{stating that the bonds were not further endorsed} on oath with a stamp fee of Rs.2/- by
a First Class Magistrate, which the Comptroller
proposes, is not provided for in our rules, and
do not think it desirable to introduce this ^{in any} ~~case~~
of lost notes of ~~the~~ ^{below} value of ~~above~~ Rs.100/-
~~case.~~

6 Paras 24 - 25. Procedure in regard to
issue of duplicates of notes of Rs.25, 50, and

This procedure is no doubt very convenient
but in Mysore we are faced with a situation which
does not exist in British India. We have issued
bonds of Rs.12/8/0, 25/- etc. and these are held
by poor illiterate persons and ^{as} already state
these holders are being duped. In very many cases
of endorsements coming up to the Comptroller's
Office we have found that the endorsements are not

Agree Muz

Serial
No

genuine and the bonds had to be returned obtaining genuine endorsements. If the procedure is followed then the way of these unscrupulous brokers is made very smooth and they will say that the bonds have been lost and ask for a renewal. In fact, when I held office of this Section, one of the men actually and told me "Sir, you take all these objections on this bond. Why should I not say it is lost and ask you to give me a duplicate". If the procedure for the issue of duplicate bonds made easier, people will certainly follow it instead of trying to remedy the defects of the bonds.

Para 55, Comp. Act.

I agree

Truly

do - 7 - do -

I see no objection to the

Comptroller's proposal being 3 -

The object is to discourage the presentation of documents for registration except when the relation bonds have to be dealt with and not to earn revenue - h

Para 8 - do

These paras contain useful suggestions regarding the procedure that may be adopted by the Comptroller in exercising his powers under the law. Maybe considered separately. The Comptroller's orders regarding one point only viz the suggestion in para 44. This is quite in order and may be approved - in so far as

NOTE—Contn. Sheet

The 1st notice relates to applications for renewal under Section 11 of the Reg. The L. L. may be omitted - Vide also para 51 of the Reg.

7 Para 26. Non-transferable Deposit Receipts

This may be approved.

8 Para 37. Registration of succession certificates, powers of Attorney, etc. when the documents do not accompany

This will be a dead letter. The purpose is to levy fees on such documents. But such documents are not tendered with the relative securities. Obviously nobody here will tender the documents under these conditions and perhaps this would be a dead letter on the Statute Book. For these reasons this may not be approved.

9 Paras 39-40. Procedure to be followed for renewal of Promissory notes in case of death of title.

10 As things stand at present the procedure need not be adopted. They are too elaborate and the Comptroller need not perform the functions of a Civil Court.

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I think the Govt. of India procedure may be kept in view for general guidance, but each case has to be decided on the merits. It is desirable that the Comptroller should obtain legal opinion in doubtful cases. *h* *Muley*

Ganapathi v. Govt. *h* *Muley*
58

The practical rule for guidance in India is to refuse to recognise instruments made by them. And I do not think it is desirable to approve of the Comptroller's proposal. Each case has to be decided on the merits. *h* *Muley*

I agree *h* *Muley*

- 98 -

H.

Yes. *h* *Muley*

May be approved *h* *Muley*

Submitted to H Secy
with NO 821-26 on 2/9.

107+108

I agree with the above *h* *Muley*

I do not think any specific orders of Govt. are necessary in this case. Rules have been laid defining the powers and functions of the Comptroller and he may exercise them in his discretion. In any order of Govt. in doubtful cases. For instance under Rule 24 the Comptroller may determine the person entitled to the security of bonded persons in certain specified cases & if he does so the liability is accepted. In defining his responsibilities in India is necessary because there are many authorities there. NOTE—Contn. Sheet

Para 53. Procedure for recognising trusts Section 3 (2) of the Regulation.

The matter may be referred to the Law

Paras 15, 16 & 17. Re. the case of minor (Comptroller's Letter)

The question of guardianship of a non and non-mohamadan minor or lunatic was disposed already (vide G.O.No.F1.1355/G.F.40-25-98, 18th Aug. 1926. Flag 'C')

Para 18. Change of name. This may be permitted when the same has been published in the Gazette.

Para 19. Endorsements in Green ink.

Govt. Order of 22nd May 1926 referred is put up. As suggested by Mr. E.V. Ganapathi we may insist on this as far as possible. Legally we cannot enforce this.

Para 20. Certification of endorsements Promissory Notes.

The procedure in this respect has been prescribed already (Vide our letter No.F1.1255-25-2 dated 18th Aug. 1926).

Para 21. Endorsements By Firms.

The present procedure is working well and it need not be altered.

Para 24. The powers sought by the Govt. with regard to accepting liability on behalf of Govt. are indefinite and therefore the Govt. should accept such indefinite liability being undertaken by the Comptroller on behalf of Govt.

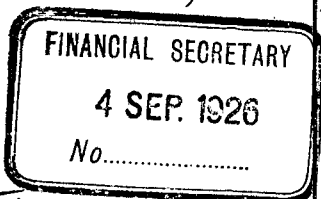
Para 25. The Public Debt Offices of Bombay and Calcutta won't agree to the creation of more work to them unless they are reimbursed at least to the extent to which the Govt. of India are now paying them.

Serial
No

The Comptroller may be
asked to submit a detailed
proposal for disposal of
consideration to

Para 111 of Mr
Ganapathi's report

This proposal may be approved.
It only requires a procedure
that has been adopted by the
Comptroller at his own instance and
will have a wholesome effect on
the working of the section. An inspection
by an officer outside from outside would
be desirable, specially in view of the



fact that it is under contemplation
to have the bonds belonging to
Comptroller held by the Comptroller -
This branch of work may also
be examined in this connection.

h Agree
Muz

19 This question had already been considered ^{by Govt} and
were not prepared to consider ^{pay any remuneration} this further.
over our securities, I think, have not yet been
recognised by the Trust Act. This matter may
fore lie over.

20 para 26. Inspection of the State Loan Section

I do not think any purpose would be served
such inspection, since in almost all cases of
or difficulty, orders of the Comptroller are
obtained. Of course ^{if} the Comptroller thinks
sary that there should be any periodical inspection
he may arrange for it. I do not think ~~this~~ is
point for orders of Govt.

Final 29)

For facilitating disposal I have made
remarks against the paras in the above note.

Most of the important points raised in the
note have been dealt with -

There is one point ~~not dealt with~~ by the
~~to which I would like to draw attention~~
As reported ~~by~~ in para 112 of the note, there
some loss to govt in Succession certificates to go
by Comptroller outside Mysore having been accepted as
endorsements in Mysore notes in the Public Debt
Bombay. Instructions have since been issued
Comptroller to address the Bombay authorities not to
such documents as valid & to insist on the production of
under the Mysore laws.
The question of amending the law so as to face
the extension of S. certificates to be granted by the Indian Govt.

Fair aft. Eng

B
21/9

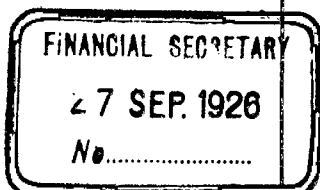
NOTE—Contn. Sheet

10. 11. 12 Holidays
13. 14. 15 P. A. com. meeting

Serial
No.

1688 926
541
229.26. *For draft 57 up to app*

After some of this points
to be referred to d. d. Secy will be
taken up



*There are only two
points in which d. d. Secy
advice is proposed to be
obtained and which
could have been made
out - for many for the action
to be taken -*

*Forwarded with Compliments
The d. d. Secy for favour of
opinion on the points
referred to at A & B in
reference in the preceding
sheet.*

*h
20.9.26.
Bz*

*I agree with the final Secy as regards
A & B. The action may be taken as
suggested at B.*

*Final Secy
with Compl.*

*Incorporate these in the draft
Submit very early*

*Bz
8/10/26*

FINANCIAL SECRETARY
8 OCT. 1926

Serial
No.

FINANCIAL SECRETARY

13 OCT. 1926

No. 421

File received
12/10/26
B

FINANCIAL SECRETARY

14 OCT. 1926

No. 2750

FINANCIAL SECRETARY

15 OCT. 1926

No. 477

The ~~additions~~ ^{additions} to be made as per L. L. Secy's
opinion have been ~~included~~ ^{indicated} in the draft
in pencil

Send for approval

9/10/26) ^{9/10/26} ^{9/10/26}

Fair dft - please - Jodhar

B
12/10/26

Fair dft for approval

B
13/10/26

H Secy

2nd number

h
12.10.26

Muk B

(5/10/26

Issued

13/10

B

To The Comptroller

No. 3212 dated 21.10.26

passes orders on several points brought

to notice by the Comptroller in regard to improve-

ment & management of the P. L. Section

of his office and directs that amendments

to the Rules under the Security Regn VIII of 1925 - necessitated

by the above order may be

97

B

28/10

C. O. 42. GL.

53404

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No.

Bangalore, Dated... 12th June 1926

SL.4023.

From

T. SATYARAJ CHETTY, Esq., B. A.,
Comptroller to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

DIARY NO.

5075

1925 - 1926

Section.

G.P.

File No.

40-25

Serial

86-1

B. Srinivasa Iyengar Esq., B.A., B.L.,
Secretary to the Government of Mysore
Financial Department.



Adverting to Government Order No. Fl. 5394/GF. 40-25-60 dated the

B. 22nd March 1926, sanctioning the deputation of Mr. E. V. Ganapathi Iyer, Assistant Comptroller to study the work relating to Government securities in the Government of India Public Debt Office and in the office of the Deputy Controller of the Currency at Bombay for about a month and in continuation of my letter No. 1092/Es. dated 4th May 1926, I have the honour to forward herewith the report drawn up by Mr. Ganapathi Iyer on the organisation and management of Public Debt work as a result of the study made of the systems of work in Bombay. From the report, which is both interesting and instructive, it will be seen that Mr. Ganapathi Iyer has made very good use of his time, though the period of deputation was short, by making an exhaustive study of the system of work in the offices to which he was deputed, and taking useful notes of the points relating to procedure and doubtful and important questions which had arisen in the course of the working of the Public Debt Office in Bombay. He has dealt with elaborately on all these points and suggested the introduction of the necessary changes in procedure and methods of work in this office, to improve the efficiency of the State Loan Department and also to afford greater facilities to the public and popularise the State loan bonds. I am taking immediate action to introduce such of the changes as can be effected without reference to Government and I shall address a separate communication to Government submitting for their approval the proposals contained in Mr. Ganapathi Iyer's report which

require their sanction.

I have the honor to be,
Sir,
Your most obedient servant,

J. Antyemay Chetty
Comptroller.

U.

NOTES ON THE ORGANISATION AND MANAGEMENT OF
PUBLIC DEBT WORK IN THE MYSORE STATE.

1. In recent years the question of Public Debt has assumed very great importance in Mysore, as in British India. The raising of loans on a large scale in 1920, and 1921, and making the Mysore loans open to the whole of India, for the first time in 1921, have resulted in the Mysore Government Securities being held by a very large number of people, both in Mysore and outside it. To meet the requirements, and several needs of this large clientele, the State Loan Section originally formed in this office to cope with the enormous work in connection with the issue of the loans, has been continued, and although all possible efforts have been made to afford facilities to the public, and attend to their transactions as promptly as possible, so as to avoid any complaints from them, the system adopted has been largely a growth of experience, and not based on very definite and well-grounded lines and from a comparison with the work of the Public Debt Office in Bombay, it seems to me that improvements have to be effected and alterations made in several directions, which will not only tend to create more facilities to the public but expedite transactions with the public. In the following paras, some suggestions have been made by me, after a close examination of the practical procedure adopted in the Bombay Public Debt Office, and a discussion of the points noticed, with the Superintendent of the Public Debt Office.

The procedure adopted here was based on the results of the Mahabhar report on his deputation to the P.D.O.'s Madras & Calcutta with special changes as local conditions required

Pz

2. Although outside the object of the deputation, in view of the fact that the relative questions would arise in our state in the near

near future, I deemed it necessary to go fully also into the procedure for the raising of fresh loans and the discharge of loans. The work of the Bombay Public Debt Office was more comprehensive than anticipated. The Public Debt Office was, however, working unusually long hours in the season, from 10 A.M. to 7 P.M. being the ordinary rule, and longer hours very frequently; and it was only by making full use of this opportunity, and through the special facilities made by the Superintendent for going through the work of the Public Debt Office, it was possible to finish the several items of work in the rather short period of the deputation; with a view to have a guide for reference whenever necessary and to have as complete information as possible about details, I have endeavoured to make these notes exhaustive at the risk of being considered unduly tedious.

3.

WORK OF THE PUBLIC DEBT OFFICES.

One important item of work which is attended to in Public Debt Offices in British India, but not in the State Loan Section of this office, is the payment of interest on Government Pro Notes. A very large number of securities is generally held in the big cities, and it is considered that, both for promptness and safety, the Public Debt Office is the best agency for the payment of interest. I have given elsewhere (vide detailed memos put up for the use of the Section) full details of the procedure adopted in the Bombay Public Debt Office for the payment of interest; when the office was very recently inspected by the Deputy Controller of Currency, Bombay, he expressed that this procedure was very satisfac-

Have the J.H. 34
 & 12/1/1904
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satisfactory. In this place the work of paying interest has never been taken up by the State Loan Section, and I think it may not be necessary to make any change in this respect now. Interest is being, however, paid both in the Government Treasury and the Mysore Bank, and as payment at the Bank has apparently been very convenient to the public, it seems to me that payment of interest may be centralised only in the Bank, the work being taken away from the Government Treasury.

Two points that require attention may be noted here: In British India, the Public Debt Offices are inspected once in three or four years, by the Controller of the Currency or Deputy Controller of the Currency to see that the system adopted in respect of the several items of work e.g. payment of interest is both efficient and adequate, and that it satisfactorily meets the convenience of the public also. It does not seem

that the procedure adopted by the Mysore Bank for payment of interest has been scrutinised by an officer of the Government and I think this should be arranged for, if necessary, in consultation with the Bank. The work of payment of interest should be specially stipulated for in the agreement with the Bank, ^{as} at present there does not seem to be any definite agreement. The other point concerns the scrutiny of Pro-Notes with reference to "stopped notes lists", before payment of interest, so as to prevent, as carefully as possible any erroneous or irregular payments and to guard the interest^s of the rightful holders. Great importance is attached to this work and in the Bombay Public Debt Office no Pro-note is taken up for further action unless it has passed through the hands of the "Stop

①
 Yr. There was a proposal from the Mysore Bank also. But Govt did not approve of it on the present Comp. h. stated that we were bound to continue to pay int. at Mysore Bank also.

Even now it is suggested that payment at Mysore Bank may be stopped in places where Pro-Notes are in circulation. Even the S.H. in the Bank exist. Even the S.H. in the Bank exist. Even the S.H. in the Bank exist.

②
 no. of irregularities which would not arise in Bank Part to - the Bank changes course in the light of interest.

unnecessary & unnecessary work with these in this regard inspection Bz

"Stop note examiner", and a "Free of Stoppage" endorsement is fully recorded by him. Suitable action in this respect will have to be taken in our office, and if necessary, in the Bank also.

Transactions in the Public Debt Office
and Receiving of Securities.

4. Government Securities are received at the Public Debt Office for interest, Renewal, Sub-division, Consolidation, Conversion, Enhancement, or repayment of principal. Excepting the first item, which, however, forms a considerable part of the whole work, all the other transactions are attended to in the State Loan Section of the Comptroller's Office. For purposes of intersectional dealing, these receipts are divided into 2 class: (1) Those received over the counter, and (2) those received through post, such as registered letters etc., The former method is by far the most common, on account of the large number of notes held by the Bombay Public, and receipts through correspondence form a small proportion only. Getting transactions done over the counter is considered to be the simplest and most convenient way. A certain amount of formality leading to unnecessary correspondence, is thus dispensed with, as Government Promissory notes received over the Counter are not accompanied with any written requisition for renewal, payment of interest etc, The object is ascertained orally from the party presenting, by the receiving clerk. When Government Promissory notes are lodged for renewal, etc, the receiving clerk also sees that the receipt column has been properly filled in and signed

③
Premissure being
in him and promptly
with a-10 Bonds on
which pay to joint
has been stopped and
a 870 procedure is adopted
in the S.L. Sec. stoppage
been recorded in home &
int audit Repts. No
further action
necessary. we have
for ver few such
cases & an elaborate
procedure is
unnecessary
Bz

Desirability of
establishing a
Counter in the
S.L. Department.

signed by the holder or holders. A system of affixing indicative labels to Government Promissory Notes immediately after receipt is also adopted, which enables the notes to be handled by the several officials in the Public Debt Office and rapidly disposed of. Details of this procedure will be found in the notes; it will be seen that when Government Promissory notes are lodged at the counter, receipts ~~are~~ given forthwith to the parties and the notes are distributed among the section people for further action almost immediately. This is far from being the case in this office. It is therefore highly desirable, to establish a counter in this office, and develop the habit of getting transactions done over the counter among the people. In Mysore, notes are generally received by post, even when they could be presented in person, and acknowledgments for receipt are being sent by post only the next day. As one of the loans will mature in the near future, and it will be quite necessary to have a counter for dealing with Government Promissory notes lodged for repayment of principal, the procedure may be adopted early. The details however may be worked out separately.

5. Maintaining separate day books for Receipts.

It would be convenient both for reference and reconciliation of balances to have separate day books for receipts of Government Securities for enfacement, Renewals etc., and repayment, as in the British Indian Offices.

At present in this office only one register is kept for recording all documents received by registered post etc., and treated as valuables. No balances can be made up in this register for maintaining a ledger account. The form of the

unnecessary as
The S.L. Secs deal
mainly with Bonds
recd. by post or from
Banks & Brokers. There
are very few cases
recd. direct. This
is because ^{a large quantity} ~~most of~~
our paper is held outside
Bangalore & in Bangalore
by Banks or people
who transact
with Banks.
To facilitate work a

This is an
unnecessary
duplication of
Borahay in his
direction is considered
very necessary a columnar
Valuable Reg. may be kept

Why?

A Balance sheet was
being kept

Date. No. To whom issued. Denomination of securities. No. of securities. Amount. Daily total. Date when surrendered. Superintendent's initials.

Giving receipts to parties for for securities lodged in the Public Debt Office.

This is not correct - Acknowledgments were given in the day the bonds were received as recd.

These the clerk signs the acknowledgments Here the Gazd app. Si for it. The Supd-may be authorised to sign acknowledgments

Balancing and check of receipts.

not correct - Balancing system was being maintained

Stock Certificates.

the day book which may be maintained, is given in the margin.

6. The procedure for giving acknowledgments to parties, in this office, is I fear rather leisurely and should be changed. For securities presented in person, receipts should be given immediately to the parties (to be surrendered later when the notes have to be returned). In Bombay, not more than ten to fifteen minutes is taken for giving the receipts to the parties at the counter, although the number received is enormous. For securities received through post acknowledgements should invariably ^{be} ~~is~~ despatched on the day of receipt.

7. Ledger accounts are maintained in the Bombay Public Debt Office in respect of the several transactions in Government Securities, and for securities received in the office, debits and credits slips are passed daily, for being posted in the Ledger. A very thorough system for balancing and checking of receipts is in practice, and it is necessary to adopt some similar method in this office also, where such a system has hitherto practically not existed. Details of the proposals are given at a further stage.

8. Although the procedure to be adopted in respect of issue of Stock Certificates and payment of interest thereon is simple, our records and registers can be kept in an improved manner, and our work generally quickened. Full details of the system

system obtaining in the Bombay Public Debt Office and also the points which may be usefully adopted in this office are given separately. One suggestion that deserves mention here, is the adoption of the "Card Index System" for the payment of interest on Stock Certificates. This method, which has worked very satisfactorily in the Calcutta Public Debt Office from the beginning was adopted by the Bombay Public Debt Office on the recommendation of the present Controller of the Currency a few years ago, and is stated to be very satisfactory. This system is described in the Controller of the Currency's memorandum as follows:-

(1) A separate register is maintained for each series of loan.

(2) A holder's name, address and amount of stock are recorded in the Register each of which is provided with an index.

(3) A card is then written containing the same particulars and bearing a number corresponding to the running number in the Register.

(4) This card is then sorted numerically into the bundle to which its series relates, and from the card, the interest warrant is written, the distribution of work amongst many clerks being thus facilitated in times of half yearly pressure; other-wise, were the warrants to be written from the particulars inserted only in the Stock Register of each series, one man alone would have to deal with the large volume of work that would result.

The warrants are then listed, the number of warrant, number of Stock Certificate and principal and amount of interest and name of Treasury on which the warrant is drawn being inserted in

*This is not this
new index
If no index is
kept, this may be
arranged for.*

*The card system
is unnecessary*

*at present as
no no of stock
Cards
with us are
very few*

Done here also

in the list, which is finally totalled and corresponds as far as principal is concerned with the total of the Register, and as regards interest, with the amount of interest payable on such total.

All changes of address or of the name of the Treasury at which interest is payable are recorded on the card which is thus kept up-to-date.

The total individual holding in any one series is of course entered in one card, which is sorted under the number of the first recorded holding that particular series.

9. A specimen extract marked "A" from a Stock Register, and a specimen card "B" are given below (margin) for guidance.

Form 'B'.

Year 6% Bonds.

No. ----- Calcutta.

Holder.

Date. By stock. 5000. 15th Sept 1921
to
14th Mar 1922.

Address. -

10. Before issuing interest warrants, the total amount of loan as arrived at in the Stock Interest Register is agreed with the amount of stock outstanding, as shown in the general ledger and also with the total of the Stock Register which is balanced at the end of each half year. The interest warrants are sent by Registered post and a separate acknowledgment form is sent along with the warrant for acknowledgment by the parties. The despatch and acknowledgment of warrants is noted in the register.

FORM 'A'.

REGISTER OF STOCK OF THE YEAR 6% BONDS.

Form A

Date of Certificate entry. No. Name of Proprietor. Residence. Amount of stock. Bearing interest from. Previous No. Interest payable at tials. Initials. Re- marks

Done here also

Bz

This is the form

11. I suggest the introduction of this system in Mysore also. There are three chief advantages:-

(1) In the case of one holder having several Stock Certificates, only one card is necessary and this facilitates the issue of one stock warrant

(2) The work of writing interest warrants can be distributed among several people.

(3) In the preparation of interest warrants from the cards, and the subsequent verification with the issue register and general ledger, there is a three fold check on the accuracy of the payment of interest.

*The no here is
very small
& some one
could write up
all the warrants*

Enfacement.

12. Very great importance is attached in the Public Debt Office to enfacement work. The importance arises from the fact that Government Pro-notes cannot be lodged for ^{more} certification of endorsements, and that by means of enfacement, endorsements on securities are got examined, and the pro-notes admitted for payment of interest. Further, the growth of the habit of investment in Government Securities, and the importance of Bombay as the chief financial centre have given rise to large dealings in Government Securities on the stock exchanges, and to meet requirements of dealers and expedite business transactions it is required that enfacement work should be attended to with the greatest promptness. The number of cases received for enfacement daily in the Bombay Public Debt Office is large, being about 20 to 30 cases and about 60 to 100 pieces. The time allowed for enfacement is 2 clear working days, and every effort is made to reduce even this short period. In spite of the large number of notes received, during the whole period of my stay, I did not come across any instance wherein this period had been extended. In Mysore, although

although a time limit of 3 days has been prescribed cases are very often delayed longer. As a large number of cases are received in this office generally from outside, enfacement cases have to be treated as urgent and disposed of immediately in order not to inconvenience parties. The period of 2 clear working days should be regarded as the limit allowed, and all cases disposed of within this time. To this end, some changes in our procedure may be necessary. In the Bombay Public Debt Office for instance, enfacement cases pass through several hands in respect of the various items of work, whereas all the items are attended to by one man in this office. Details of the procedure adopted in the Public Debt Office are given separately.

*our procedure
is better in
obvious reasons - because
the no cases here are
himself.
The Bombay & Madras
system was intentionally
not followed.*

12. The following points have to be noted and considered:-

(1) Notes tendered for enfacement must be accompanied by an application from the holder, and the application must state the place where enfacement is desired and also the pieces and amount of notes.

(2) Notes tendered for enfacement are examined like those for renewals in all details: the endorsements on the notes are examined in detail by the junior examiners and then verified by the Senior Examiner, and are then dealt with by the enfacement clerk. No orders regarding enfacement by the Superintendent of the Public Debt Office, as in Mysore, are necessary. In Mysore also, the procedure may be slightly altered, and unnecessary delay thus avoided.

*may be dispensed
with in clear cases*

hwa do

yes-

Mode of enfacement.

(3) The original enfacement is cancelled by a rubber stamp and the name of the new place and date of enfacement is written upon the note, the

the name being stamped or written on both halves. Before stamping or writing the name of the place, the clerk must ascertain the place at which enfacement is desired, from the application attached to the notes.

Debit and
Credit Slips.

(4) Hitherto no ledger accounts have been maintained in respect of cancellations and Advances, and balances have not been struck in enfacement registers and verified. This is quite necessary to ensure accuracy and check on payment of interest. Debit and Credit slips should therefore be passed in future for posting in account, whenever enfacements are advised or cancelled, credit being given to the place to which notes are enfaced, and debit to the place from which they are cancelled.

14. The procedure in this respect is simple and satisfactory, and the details may in several respects be adopted in Mysore also. As the ^{Bombay is not the final office} Public Debt Office in respect of these cases and has to refer every case to the Public Debt office, Calcutta at each stage, and as the full decentralisation of work contemplated has not yet been carried into effect, there is much delay due to correspondence, in the disposal of lost note cases and the period of disposal taken in Mysore is not unfavourable when compared with that outside.

15. Only two registers are maintained in respect of this work. The first is - the register of stopped Government Pro-notes (in the form given in margin).

16. As each case is reported to the Public Debt Office, the case is entered in this Register

*This is done here
now*

*This is intended
to be done
This is very necessary*

'Lost notes' cases and issue of "Duplicate Notes".

Date. Inward Name of Number. applicant.	Particulars of Securities.	No. Loan. Amount.	Stoppage entered.	Advices sent to	File Officer's Remarks. Number. initials.
			Board. i.e, Stop Enfacement Register ment Interest Register ment payment on i.e, Re- Register newal on	Calcutta. Madras. Treasury.	
			(Initials of the concerned clerks are obtained in these columns).		

Register in serial order under the Superintendent's initials and a separate serially numbered file is made out for the correspondence relating to each case. All the columns of the above register are duly filled in. A similar register has to be adopted in Mysore.

*we have one
of the columns
as not correspond
necessary changes
may be expected*

17. The party is then asked to advertise in the Gazettes in an approved form: further action for reporting the case to the Public Debt Office, Calcutta, obtaining indemnity bond, and order for payment of interest etc., were being hitherto taken up at the end of two years after the publication of the last advertisement in the Gazette as above. This procedure has recently been altered (vide below) in order to expedite the payment of interest for the convenience of the public. The draft form of the advertisement in the Gazette is first obtained from the party and very carefully scrutinised and approved by the Public Debt Office before publication. This must be done in Mysore also. Further, the issues of the Gazette in which the advertisement has appeared should be sent by the party to the Public Debt Office.

*Why?
This is unnecessary
work*

*He sends this
with his appⁿ.
for some g a
duplicate*

Report upon the
lost note case.

18. The final report to the Public Debt Office Calcutta, in a lost note case, in submitting for orders of the Controller of the Currency, is in the following form:-

Sir,

With reference to correspondence ending with your letter No.... I have the honour to submit herewith for disposal the following papers received from (party's name).

- i. Query form.
- ii. Copies of Gazette of India, dated,
- iii. Copies of Bombay (Local) Gazette.
- iv. Certificate of last payment of interest.
- v. Copy of bill of sale and correspondence if any.
- vi. Affidavit of party.

Payment of interest will, if approved, be ordered by the Controller of the Currency on this report. In submitting cases for orders of the Comptroller, this office also should put up these documents in each case. Details of the forms used are given separately. (vide detailed memos put up for the use of the section).

19. A register of interest warrants issued on Government Pro-notes is also kept. A page is opened for each party and an index is kept giving reference to names and places for facility of reference. This register, which is a very important record, has to be immediately kept in our office. The form is as in margin.

20. Hitherto a period of 6 months in the case of lost half notes and two years in the case of wholly lost notes, had to elapse after the advertisement, before the case was taken up for examination and enquiry by the Public Debt Office and then the case was reported to the Controller of the Currency for orders regarding payment of interest etc., If the Controller of the Currency then admitted the claim, he would include the note in his six monthly list and order the Public Debt Office to make payment of interest for six years from the date of publication. After this period, and if no adverse claim had been admitted, the Public Debt Office would again report to the Controller of the Currency, who then passed orders for issue of the duplicate on a further bond of indemnity for twice the amount of the principal. The period between the advertisement by the party and the issue of the duplicate was thus 8 to 10 years.

NAME OF HOLDER.

Remarks. Number. Loan. Amount. Half-year. Amount of interest. Date upto which Draft No. Date of draft. Checker's initials. Officer's initials.

lost ?
 Yes -
 This is necessary now
 this was not kept
 because of the
 new law no cases

21. The question of expediting transactions in respect of lost note cases, and affording greater convenience to the public, was recently considered by the Controller of the Currency, and he expressed that within the Securities Act itself as it at present, stood, and without taking up the question of any amendment therein, it was possible to reduce the period taken by the present procedure. The Controller of the Currency therefore laid down a slightly amended procedure which is now in force in the Bombay Public Debt Office. This procedure has to be adopted in this State also.

22. The amended procedure is as follows: (vide Gazette of India notification dated 5th October 1925 in the Gazette of 10th October 1925).

The Public Debt Office in future reports the case to the Controller of the Currency without waiting for the period of two years to elapse, and as soon as their examination (enquiry) of the party is over. If the Controller of the Currency admits the claim, an order is immediately issued in terms of section 10 (1) of the Act, and the Controller of the Currency will direct the insertion of the securities in the list simultaneously. The order would also say that interest may be paid on indemnity bond with two sureties at the end of two years after the date of publication of the list. A duplicate will be issued six years after the date of publication of the list without further reference ~~the~~ to the Controller of the Currency provided no adverse claim has been received in the meantime, and without a further bond of indemnity. Collateral securities in the shape of Government securities should preferably be accepted as indemnity and deposited with the Controller of the Currency, who will authorise interest on these securities by warrants. Where the

*The delay avoided is
and in the
reports. Such
delays must
not to occur
at my seat
ad. Brine
the complete
also the functions
of the Controller
Currency*

*The Securities Act, Sec. 10
P.A. Sec. 10*

the sureties were approved to be men of substance and the amount involved is small, the Public Debt Office may recommend acceptance of surty without the formal enquiry, and ^{thus} this avoid delay to the party. These measures while not necessitating any change in the Act, would afford considerable relief to the public and expedite transactions. These measures, while within the powers of the Comptroller, may be reported to Government for formal approval before adoption here.

23. The following points in connection with lost note cases require consideration and adoption in this State also:

(1) In the case of lost pro-notes, sureties are never dispensed with (except very rarely, for example, Banks) and the period of two years before payment of interest is never reduced.

(2) The Government of Bombay and the Government of India have sanctioned in their press note dated 6th April 1921, in the case of small investors, reduced charges for advertisements in connection with the loss of Government pro-notes, limiting the charges to 5 per cent securities in question. Similar concessions may be possible here.

(3) An affidavit on oath with a stamp fee of Rs.2/- before a First Class Magistrate, is always taken from the party regarding the fact of non-negotiation of the securities in question by the owner.

(4) Application for the interest of every half year should be received from the applicant at the end of every half year by the public Debt Office before payment of interest.

(5) Renewal fees are recovered when duplicates are issued in lieu of lost notes by the Public Debt Office.

ag. Jm
I think this
point has been
separated with
up & down of
very plain
5/9

Some
proceedure
adopted here
Bz

we have
also followed
this

This is not
provided for
in our rules
if necessary we
may introduce
this. in case of
the value of
above Rs 100/-
4/5

agree
1

(6) Receipts in duplicate are taken from the party both in respect of payment of interest at the end of every half year and the issue of duplicate note in the following form:-

"Received from the Secretary and Treasurer
Imperial Bank of India, Public Debt Office _____ (No)
duplicate Government Pro-notes for Rs. _____ (amount)
in lieu of lost Government Pro-notes along with _____
interest warrant as per statement below:-

*This is
unnecessary
here - Since
the Comptroller
is the final
authority*

Procedure regard-
ing issue of du-
plicates of notes
of Rs.25,50,& 75.

24. The procedure prescribed for issuing duplicates of lost notes, is appreciably costly and inconvenient in the case of very small investors, and it is necessary that some relaxation should be allowed in their cases in this State, where much hardship is being experienced by the small holders. The Government of India have prescribed certain relaxations in such cases (vide order dated 22nd March 1919, confirmed again in January 7, 1926).

25. In the case of loss of notes the amount of which is below Rs.100/-, such as Rs.25,50 & 75, it has been decided by the Government of India that the ordinary procedure for the issue of duplicates of lost notes may be dispensed with, duplicates being issued immediately without any bond of indemnity, provided the claimants

claimants have adduced sufficient proof to satisfy the Controller of the Currency that the originals have been actually destroyed and not merely lost. Claims for issue of duplicates of such securities should be forwarded to the Public Debt Office, Calcutta, for submission to the Controller of the Currency as soon as the applicants have produced sufficient evidence of actual loss of the originals in the prescribed form.

This procedure may be adopted immediately in this State also, such applications being disposed of by the

Comptroller.

Issue of non-transferrable deposit receipts.
More state
the small tickets
are many.
These are a large number
of bonds below 100/- in value
rejected daily on account
of incorrectness in
endorsements.
The above procedure would
make it easy for the party to get a new bond
as the bond is

26. In certain cases, e.g. where bonds had to be issued in the name of minors represented by guardians whose powers were limited to drawal of interest only, Counter-part notes were issued by the Public Debt Office. The issue of such notes has been discontinued in British India for several years now, as stated in para 53 of the Government Securities Manual, and in such cases, non-transferrable deposit receipts are now issued, (vide para 98 of the Government Securities Manual). In Mysore the issue of counter part notes is still in force. I discussed with Mr. Taylor, D.C.C. Bombay, the question as to why counter-part notes had been given up in British India. He stated that non-transferable deposit receipts are a safer and more convenient way of dealing with such transactions, that cases could be met with where negotiations had been effected on counterpart notes through ignorance or otherwise, and that payment of interest may occur thereon even on expiry of the period of minority, and that as soon as the advantages of Stock Certificates had been seen, the Government of India adopted

adopted the issue of non-transferable deposit receipts in lieu of counterpart notes. I agree with the views expressed by Mr. Taylor, and suggest that in future the issue of non-transferable deposit receipts may be adopted here also.

There is no objection
yes

27. The following is the procedure to be adopted in the office in dealing with non-transferable deposit receipts, under para 98 of the Government Securities Manual (Calcutta Public Debt Office note).

(a) A single register is maintained by this office in which all loans are entered in separate sections with index.

unnecessary (b) Cards are written up from this register on the card index system.

(c) When interest falls due, warrants are written from the cards and disposed of like stock interest warrants, a register being maintained for each loan.

28. It will be seen that form (1) attached which is issued in cases when the note stands in the name of a minor under the guardianship of a person whose powers are limited to drawal of interest only, admits of the minors being allowed to deal with the note on attaining majority, without an extension order from the court, while form (2) is used in case when a succession certificate has been granted to a minor or minors ^{jointly with a major or majors} who cannot deal with the security in any circumstances until such extension order has been obtained.

29. The Government pro-notes in lieu of which deposit receipts are issued, should be kept in safe custody until they are cancelled for issued of fresh Government

Government pro-notes in the negotiable form on surrender of deposit receipts. When the new notes are issued, the cancelled notes together with a deposit receipt cancelled should be treated as cancelled (sent to Calcutta in British India).

30. When deposit receipts are issued, the old notes should not be treated as cancelled. They should remain outstanding in the Public Debt Office books with the remark "deposit receipts issued" noted against the respective entries and a stamp "deposit receipt issued" be affixed on the face and on the reverse of the securities.

NON-TRANSFERABLE.

D E P O S I T R E C E I P T.

No. B _____

Rs. _____

I hereby certify that Promissory Notes Nos. _____ of _____ Loan of _____ for Rs. _____ standing in the name _____ has been deposited with me. Interest on the same from _____ will be paid to _____ of the above mentioned _____ by warrants issued by the Public Debt Office payable at _____ Treasury. (On the minors attaining majority or the guardian or the administrator being granted full powers) to deal with the Note, A Government Promissory Note will be issued in favour of the _____ on production of this receipt.

Public Debt Office,
Imperial Bank of India,
Bombay.

Deputy Controller of the Currency
Bombay.

Dated _____ 192 .

Superintendent.

31.

NON-TRANSFERABLE.DEPOSIT RECEIPT.

No. B. _____

R^s. _____

I hereby certify that Promissory Note No. _____
 of _____ Loan of _____ for R^s. _____
 standing in the name of _____ Lunatic has been deposited
 with me. Interest on the same from _____ will be
 paid to _____
 of the above mentioned _____ by warrants issued by
 the Public Debt Office payable at _____ Treasury.
 On the _____ being granted full powers to deal
 with the Note, a Government Promissory Note will be issued
 in favour of the _____
 on production of this receipt.

Public Debt Office,
 Imperial Bank of India,
 Bombay.

Dy. Controller of the Currency
 Bombay.

Dated _____ 192 .

Superintendent.

*Procedure for registration
 of documents, powers etc*

33. In the Bombay Public Debt Office this work is
 attended to by two clerks only and the registers are
 very satisfactorily maintained. The important thing to
 note is that the documents received are divided into five
 general classes, according to the nature of the documents
 and are registered in separate volumes. In each volume,
 the documents are entered serially with particulars as
 follows:-

Date of entry.	No.	Description.	By whom granted	To whom granted.	Initials.	Remarks.
----------------	-----	--------------	-----------------	------------------	-----------	----------

34. The various classes of the documents are:-

(1) "B/1" - This stands for "Banks and Companies comprising limited Companies as well as private firms", and includes powers of attorney granted to Agents, certificates of Registry, memorandum and articles of association, etc.,.

(2) "S/" - This stands for "Sundries", e.g., Death certificates, letters of administration, probate, Courts orders, Guardianship certificates etc.,.

(3) "F/" - For documents of Indians to individuals.

(4) "E/1" - For documents of Europeans to individuals.

(5) "C/1" - For "constituent" to include documents, powers granted to the Bank itself by its constituents.

35. In Mysore, two registers may probably be found useful, one for all powers of attorney of Banks, individuals, etc., and the other for other documents such as Succession and Guardianship certificates, probates, Death Certificates, etc.,.

The present reg. which is indexed is quite enough.

If necessary the distinction ~~may~~ into classes may be made in the index

36. Each volume contains an index at the beginning giving the names of the principals of the documents in alphabetical order, and giving reference to the page in which the power has been registered. A very brief indication of the nature of the document is also given by code words e.g., C/I. indicates certificate of incorporation

B/C - Birth certificate etc.,

when a bond tendered for renewal contains endorsements for which power documents have to be verified, the examiner merely refers to the index and obtains the required information quickly. When all documents are

are registered, only the extracts required for the use of this office are entered in the Register. Each entry in the Register is initialled by the Gazetted Assistant Superintendent.

37. A fee of one rupee is charged for merely registering each document tendered for registration, but if the relative securities are lodged over the Counter for interest, renewal or enfacement, then the document should be registered free. A similar rule has to be adopted in Mysore also.

*unnecessary
was always
sent it with
documents when
they know that
Mysore sec
charge fees*

I see no objection

38. Each document registered is stamped with the office (Public Debt Office) stamp, the date and number of entry in the Register being indicated therein. The Assistant Superintendent also initials in the stamp.

*This is done
here*

Procedure to be followed for renewal of promissory notes in case of dispute as to title.

39. Although section 12 of the Mysore Securities Regulation lays down the enfacement in respect of cases of dispute of title, the procedure to be adopted in this office has not been laid down, and great doubt and difficulty have been hitherto felt by this office in dealing with such cases. As such cases are becoming common and action under the above Section is one of the most important safeguards which the Public Debt Office has to provide for guarding the interests of rightful holders, it is very important that a convenient procedure should be immediately adopted in this office. The cases that are pending disposal, e.g., the case in which one Mr. Makum Nanjundayya put forward a claim to certain notes tendered for renewal by some other person,

person, can be then promptly disposed of. The procedure as followed by the Public Debt Office in British India in dealing with disputed claims on Government Securities under section 13(1)(c) of the Indian Securities Act, 1920, is given below, and may be adopted in our office also. This procedure was laid down for adoption in the Bombay Public Debt Office by the Controller of the Currency in his letter No. dated 5th March 1925. Specimen forms of the standard forms prescribed in paras 2 and 5 below, are given separately.

40. (1) On receipt of written or telegraphic notice by a Treasury Officer, or the Public Debt Office restraining the negotiation of a Government Security, provisional steps will be taken to hold up the payment of interest on, or the renewal or conversion of the note in question. If the notice is received by a Treasury Officer, he will inform the Public Debt Office immediately in accordance with para 32 of the Manual.

41. The Public Debt Office on receipt of such notice either direct, or through a Treasury Officer, shall ask the stopper to file a written statement, certifying the following particulars as true to the best of his knowledge and belief and establishing a prima facie claim to the note:-

- (i) The series, number and face value of the note,
- (ii) the name of the party in favour of whom the note stood endorsed and in respect of whom the claim is made.
- (iii) The capacity in which the applicant is making his claim, if he does not allege that the note was in his personal possession e.g., as heir, succession certificate holder, attorney etc., to the party through whom he claims.

As far as
the office
the can only
provide

(iv) The latest date on which the note was known to be in possession of the party in respect of whom the claim is made.

(v) The circumstances, if known, in which the note passed into adverse possession and the grounds on which the claim is based.

The signature to this statement should be authenticated by a magistrate, a treasury Officer, or Sub Treasury Officer, a Bank Official, or some person known to the Bank.

42. If the Public Debt Office does not consider that the statement referred to in para 2 is sufficient to establish a prime facie legal claim to the note, they may refer it to the Controller for orders whether it may be disregarded and the stop notice withdrawn, and the applicant informed accordingly; when the note is received at the Treasury, at which it stands enfaced, it will be forwarded to the Local Public Debt Office. That Office will examine the endorsements on the note and see whether the stopper has established a prima facie case. If not, the stop will be removed and the Public Debt Office will inform the applicant that his claim has no foundation.

43. If the Public Debt Office considers that a prima facie case has been made out, they will make an endorsement on the note below the last endorsement as follows, and return it to the presenter:-

"As the title to this security is not fully proved in the opinion of the Public Debt Office the holder is hereby requested to receipt the same for renewal, and payment of further interest is refused until it has been renewed, in accordance with the provisions of Rule 10 of the Indian Securities Rules (1920).

Sd/- Superintendent
Dated

If in any case the Public Debt Office considers it undesirable that the note should be returned to the presenter, they should refer the case to the Controller of the Currency, who may order that the presenter shall be required to attend at the Public Debt Office or elsewhere to receipt the note for renewal.

44. The Public Debt Office will simultaneously inform the stopper that the note has been received by it, giving the name and address of the presenter, and tell him that unless a formal order is received from some competent court within 15 days, restraining the negotiation of the note, steps will be taken to determine the title to it in accordance with the procedure prescribed in Section 13 of the Indian Securities Act.

*This is from the
only when the
Controller has to
in some cases
grounded on
application with
Sec 13 of the
Act.*

45. When the note is presented for renewal, as described in para 4, it will be sent with the papers of the case to the Controller of the Currency.

46. If an order has been received from a court under para 5, the Controller of the Currency will order under Section 13(1) b. of the Act that the note should not be renewed ~~until~~ a decision has been obtained from the court. If no order has been received, he will consider whether the case is one which should be left to the decision of the civil court or whether he should himself hold an enquiry into the title to the note in accordance with the provisions of Section 13 of the Act. Cases of a complicated nature, involving the interpretation of contracts or other legal documents should be left to the decision of the courts under Section (13) 1 b. In cases which the Controller decides to

*This procedure
is to be in
accordance
with the Act
also*

to investigate himself, he will follow the procedure of an ordinary judicial enquiry, as far as practicable, and record the evidence necessary for the decision of the issues for e.g., where the genuineness of a signature is in dispute, he will call upon the stopper to forward some other specimen^{men} of the alleged holder's signature supported by an affidavit before some local magistrate. He will also require evidence that such holder was the person alleged, and not some one else of the same name. If an enquiry is delegated to a District Magistrate, the Magistrate should be asked to collect certain definite evidence or to determine certain definite issues and not merely to adjudicate generally on the question of title to the note.

47. When the Controller has completed the enquiry he will act in accordance with Section 13(1) c. of the Act, and rule 19(2) of the Rules.

48. If in the meantime, a decree or notice of proceedings is received from any competent court, the proceedings shall be stayed until a final decision has been obtained from such court.

49. In accordance with the proviso to Section 17 of the Act, a copy of the declaration referred to in Section 13(1) c. shall be sent by registered post to all subsequent endorers, so far as their addresses are ascertainable, to give them an opportunity of appealing and taking the case to court, if they so desire.

These rules are unnecessary at present they are too elaborate for adoption - B

(vide Section 17 of the Act under which Government Comptroller is empowered to make these rules, an office note may be put up for approval by the Comptroller.

is immediately discharged of liability in such cases.)

*Mysore
Section
16*

*Public
interest
in Mysore*

to

51. Procedure for dealing with disputed claims on
Government Securities under Section 13(1)C of the I.S. Act.

Registered with acknowledgment due

Public Debt Office

To

.....19 .

.....

.....

.....

Sir,

With reference to your letter No..... of
I hereby beg to inform you that the undermentioned securit(y)
.....ha(s) been presented at this office by of
and that unless an order is received from some Court of
competent jurisdiction in the matter within days from
the date of this notice, steps will be taken to determine
the title to the securit(y).... in accordance with the
procedure prescribed in Section 13(1)C of the I.S. Act.

I have the honour to be,
Sir,
Your most obedient servant,

Deputy Secretary & Treasurer.

No. Loan. Amount.

52. Written Statement to be filed by the stopper of a
Government Security when there is any dispute as to title.

-
1. The series, No. face-value
and other particulars of the note.
 2. The name of the party in favour
of whom the Note stood
endorsed and in respect of
whom the claim is made.

3. The capacity in which the applicant is making his claim if he does not allege that the note stood in his name or was in his personal possession e.g. as heir, succession certificate holder, attorney, etc., to the party through whom he claims.
4. The latest date on which the note was known to be in the possession of the party in respect of whom the claim is made.
5. The circumstances if known in which the Note passed into adverse possession, and the grounds on which the claim is based.

I certify and declare that the above particulars are true to the best of my knowledge and belief.

Signature in full

Address

Date

Party identified before me a.....

Magistrate or Try. Officer or
Sub Treasury Officer.

.....

Bank official or some person known
to Bank.

Date

Procedure for recognising
Trusts etc., under Section
3(2) of the Securities Act.

53. The present procedure in this respect is some-what anomalous and defective, and it is ne-

necessary that a revised procedure be adopted in this office which is in accordance with Act.

The procedure in Mysore follows that which was in force in British India and which has been dis-

been discontinued since over a year. The scope of the law and the practice to be adopted in the matter, as discussed by the Controller of the Currency, are given below:-

54. Before the introduction of Sub Section 3 (2) of the Indian Securities Act, a practice had arisen of allowing Government Securities to stand in the names of persons under the description of "Administrator or Executor of the estate of" a deceased person. This practice had grown up in order to evade the then existing law in regard to the non-recognition of trusts by Government but was allowed to continue on grounds of practical utility, though it was decided that the position would be cleared up when the Act was amended. Sub Section 3 (2) was accordingly introduced into the new Act of 1920 to regularise the recognition of administration by Government. This sub-Section protects Government, if it recognises an endorsement by a person signing himself as administrator or executor, but it does not apparently contemplate securities standing in the name of a person described as such. It has therefore been decided to discontinue the practice and the Public Debt Office has been asked to refuse to take any action on a note standing in the name of a deceased person until the executor or administrator has endorsed it in the name of somebody simpliciter as "A", executor or administrator to the estate of B". A copy of the memo of objection to be used in such cases is also given.

55. As a considerable number of Government Pro-notes are probably held at present by persons as executors

or administrators, it has been decided in British India to go on paying interest to their discharge and only to apply the procedure to new cases where notes standing in the name of deceased persons are presented to the Public Debt Office for action. The Public Debt Office normally should deal finally with such cases themselves, only doubtful cases being referred to the Controller of the Currency (or Deputy Controller of the Currency) for orders. It has also been decided that cases in which the notes stand in the name of the executors of the deceased holder, for which interest was being paid to the executors but where the interest cages have now all been exhausted, as well as cases in which the notes have been allowed to stand in the name of the deceased holders and interest is being paid to the executors or administrators after the probate or letters of administration have been registered in the Books of the Public Debt Office, and in which the interest cages have been exhausted, should be held to come under the category of "new cases" for purposes of the procedure prescribed above; and the executor should endorse the notes either in favour of self or somebody else before the notes can be renewed, as the renewed notes cannot be issued in favour of anybody described as executor to the estate of so and so under the revised procedure. In this office, the old procedure is still being continued (vide Oletti Chintaliah Setty's case), which is irregular, and the revised procedure may be brought into effect here also.

The post
may be
examined
by the L.H.
Secy

56.

Memo of objection.

To

Your attention is directed to Section 3 of the Indian Securities Act 1920 reproduced below:-

As no notice of any trust in respect of the Government Pro-note is receivable by Government and as there is no provision for the issue or the recognition of an endorsement on a Government pro-note in favour of a party in a representative capacity, the note must be endorsed by the executor/Administrator describing himself as such in the following form before any action can be taken by the office on it.

Pay to or order,

Signature

Executor to the estate of
Administrator

If he wished to be described as the holder of the security in a representative capacity, it can be converted into a stock certificate, in his name as trustee on a proper demand being made under para 6(1) of the Indian Securities Rules.

Superintendent.

57. A case bearing on the recognition of trusts, and the limitation of such recognition, and recently decided by the Deputy Controller of the Currency, Bombay is given below for information and note - where certain pro-notes held by a deceased were endorsed in the name of his son, as trustee and holder of letters of administration of the estate of the

the deceased, and where the administrator subsequently died, and letters of administration in respect of his estate (personal) were obtained by his wife on behalf of a minor child, and the second administrator of the first administrator claimed transfer in her favour of the bonds held by the first administrator in his representative capacity, on the ground that Section 3 (2) of the Indian Securities Act authorises the Public Debt Office on being satisfied of the due appointment of an administrator to treat him as the full owner of any Government securities belonging to the estate of the person whom he represents, it was held by the Deputy Controller of the Currency (according to the opinion of the Government Solicitor and following precedents) that as the notes were not transferred by the first administrator during his life time in his representative capacity as administrator, they should be treated as still forming the property of the first deceased, and the subsequent administrator who has obtained letters of administration to the estate of the first administrator cannot deal with those securities without obtaining letters of administration de bonis non granted in her favour in respect of the estate of the first deceased, or except on production of a court's vesting order. The reference to Section 3 (2) of the Act made by the Solicitor, has no bearing in the present case, as the first administrator is dead.

reproduced in the Mysore laws; the application of these sections have been left somewhat obscure, and as a number of cases of this class come up for disposal, it is very necessary to state exactly the legal position and define the procedure to be adopted by this office in such cases. This question recently formed the subject of correspondence (given below) between the Controller of the Currency and the Deputy Controllers and the Controller of the Currency laid down the procedure to be adopted in such cases.

59. "Section 20 of the Securities Act, as far as it applies to non-Hindu and non-Mahamudan holders states in effect that the guardian of a minor or a lunatic cannot deal with Government Securities except on maturity or discharge. It was understood (in Bombay) that it was the intention of the Government of India to amend this section of the Act and place Christian and such like communities on the same footing as Hindus and Mahammadans. Action had even been taken as though the section had already been so amended. The question for consideration is whether we may assume that the guardian of a non-Hindu or Non-Muhammadan minor or lunatic may negotiate securities standing in the name of the minor or lunatic up to a limit of Rs.5,000/-".

60. In his letter No. dated 24th July 1925, the Controller of the Currency stated as follows:-

" I am sorry I have been sometime in replying to your letter regarding the powers to negotiate by guardians of minors but the question is somewhat

somewhat complicated, and I thought it advisable to take the opportunity now that extended powers of recognising endorsements have been delegated to the Deputy Controllers of the Currency, to lay down definite rules for their guidance.

61. The orders of the Government of India regarding the acceptance of such endorsements when the minor is in England are embodied in Finance Departments' notes which are too lengthy to be sent to you but their practical effect is included in the orders below.

62. The meaning of Section 20 of the Indian Securities Act is somewhat obscure and it is possible that legally it might be held to safeguard us if we recognised endorsements of securities by parties to whom powers of guardianship had been accorded under it. It was, however, obviously not the intention to grant such free powers of endorsement in the case of European guardians. This office has never specifically suggested to Government that the Indian law should be modified in this way, and it is unlikely that legislative department would accept a provision which in effect would create a special type of guardianship for Europeans in respect of Government securities only and which would materially be wider than that accorded to them under the English Law.

63. As a practical rule, therefore you should refuse to recognise endorsements by Non-Hindu or Non-Mohammadan guardians of minors and by all guardians of lunatics unless proper powers are produced or unless,

unless, in the case of Non-Hindu or Non-Muhammadan guardians of minors only, (a) It would be possible to recognise the payment of interest and ultimately discharge value to them under rules 35(1) and (2) and (3) of the Indian Securities rules, and (b) you are satisfied that the transaction is bona fide and for the child's benefit.

Please see
Case of Mrs Wood
at the end of the
a. He
has to examine
his custom

64. This last condition should be strictly interpreted so that negotiation will ~~be~~ only be accepted by you in circumstances in which you consider that the refusal to allow it would be harmful to the infant's interest and that proper powers could not be obtained by the guardian without undue trouble and expense. Such a case would be that specifically covered by Finance Department's instructions, namely where the infant and the guardian are in some foreign country and the collection of interest would be inconvenient. In such a case, the guardian should be ~~identified~~ identified by some Justice of the Peace, Magistrate or Banker. This condition might also be relaxed when it is apparent that the guardian has himself purchased the security which stands in the minor's name. In this connection I might point out that if a guardian has actually endorsed a security in favour of a minor, there is nothing to prevent him cancelling it and giving a discharge in his own name. In such cases the responsibility for the cancellation is purely a matter between the guardian and the minor.

I think
much care
should be
viewed with
special
jealousy

65. In all other cases/ you should insist on legal representation unless you consider that the circumstances are very exceptional in which case the matter should be referred to me.

66. The general principle underlying these rules is that Government in accepting such endorsements, is undertaking a legal risk, and must therefore be satisfied that there is no practical danger of the transactions being successfully questioned later. For this reason, I should be obliged if you would give your personal attention to all such recognitions of endorsement dealt with in your office".

67. A similar procedure has to be adopted in Mysore, if necessary, with the approval of Government.

68. In the following paras, an account is given of the procedure adopted in the Public Debt Office in British India in respect of several points that arise in the ordinary course of dealings with parties in Government Securities. On these points, the files maintained in the Public Debt Office were first studied, and they were subsequently discussed with the Superintendent.. On a number of these matters, the procedure adopted in this office is either different or unsettled; it will greatly facilitate expedition of the work in this office if our procedure is also brought into line with that obtaining outside.

*Specific
cases have
to be dealt
with on their
merits - we
can still find it
better to find
solutions in some
cases*

Why?

Bond of indemnity.

69. In a case of sale of Government Pro-notes, where a transfer endorsement in favour of the buyer had not been made by the seller, and only the sale document was produced, the Controller of the Currency permitted renewal of the notes in favour of the transferee, on the execution of a bond of indemnity, as per para 64 of the Government Securities Manual. This person (the transferee) having subsequently ~~died~~ *died* before

before renewal, the Controller of the Currency permitted renewal in favour of his wife, ^{as} ~~an~~ mother and natural guardian of her minor sons, on a bond of indemnity and that she should discharge the renewal receipt as guardian of the minor sons.

70. In a case where an endorsement stood in favour of one Kapur Panjanaji (personal name), but the note was endorsed away subsequently by "Kapur Pannaji and Co., in the firm's name by mistake, and the last holder thereof represented that it was not possible to get the objection rectified, the Deputy Controller of the Currency ordered renewal and payment of principal on the note to the last holder on execution of an indemnity bond with the sureties. (The case was referred by the Public Debt Office to the Deputy Controller of the Currency).

Attestation.

71. Attestation and Authentication of signatures of native females signing in English, in either interest warrants or Government Pro-notes, is not necessary.

(If witnesses testifying and attesting to signatures of females before a Treasury Officer make a false declaration they cannot be prosecuted for perjury, as this procedure of taking their declaration on oath is not prescribed by Law).

Change of name.

72. Mere publication in the Government Gazette has been held to be enough for recognising changes of names of holders in the Public Debt Office. If Government Pro-notes, etc., are held in the old names, fresh endorsements have to be made in the new name for the note to be dealt with under the latter name.

73. Documents in vernacular sent to the Public Debt

This need not be followed here - see para 6. Should be referred to a civil court. We cannot consent or ought not to consent with a civil court.

We are doing this here also

yes

may be accepted

yes

Registration of vernacular documents in the P.D.O.

Public Dbt Office for registration must be accompanied by a certified translation in English. *yes Mr. M. K. Kammadur*

Renewal fees.

74. The Public Debt Office is levying the prescribed renewal fees, as laid down in rule 33 of the Indian Securities rules in cases in which the Government Pro-notes are to be renewed in favour of the claimants of deceased holders, under the procedure laid down in para 60(b) of the Government Securities Manual and also in cases under para 63(c) except only in special cases when it is effected free. This has to be adopted in Mysore also. *yes maybe adopted*

Negotiation of Securities by a surviving joint holder in cases in which a registered death certificate of the deceased holder cannot be furnished.

75. In such cases it has been held by the Deputy Controller of the Currency, Bombay that no burial or death certificate being available, death can only be presumed when proof is furnished in the shape of affidavit by the near relatives of the deceased that nothing has been heard of the person for over 7 years (as per Section 108 of the Evidence Act) and to the best of their belief and knowledge, the party is dead. *Such cases are rare & no funeral order is necessary*

Alterations in endorsements on Government Pro-notes.

76. When an endorsement on a pro-note is made by a person in his official capacity, and it is not found possible to get a defect in such an endorsement rectified owing to retirement of the official or his going away on leave etc., it is competent for his successor to amend or alter under his full official signature (not initials) an endorsement made by a predecessor. *may be followed*

Objection memos regarding endorsements.

77. Objections noticed during examination of endorsements, and which have got to be rectified, are intimated to the party by means of small memos in the above form below:— this avoids unnecessary waste of stationery and delay

delay and may be adopted in Mysore also. *ys*

PUBLIC DEBT OFFICE.

Memorandum.

..... The signature of in space 2 does not correspond letter for letter with the name in the endorsement - in space 1.

Any alteration and / or cancellation needs authentication.

Superintendent.

The Imperial Bank of India.
Dated

Certificate of
identity.

78. In the case of slight variations in the spelling or indication of the name of the ^{same} ~~name~~ person, on different notes belonging to the same person, the notes are renewed or consolidated etc., on the authority of "a certificate of identity" granted by a magistrate or justice of the Peace or a Treasury Officer, that the names mentioned refer to one and the same person.

distinction between
a certificate
holder and an
executor or an
administrator.

79. "..... The position of a certificate holder is not identical in character with the position of an executor or an administrator. There is an important distinction which should be strictly observed. The title and powers of an executor or administrator are derived from the grant of the probate or letters of administration. The executor or administrator as such, is the representative of the testator or intestate whose estate he administers. There is no representation in the case of a certificate holder, in the present case B satisfied the court that granted the certificate, that he became entitled as heir on

*Bein
done
here
if the court cannot get evidence
of name to serve letter
for letter*

on the death of A. The grant of the certificate (estate) conferred no title on the succession but it enabled B as the heir upon whom the property in the note had devolved in the succession, to receive interest on, and to negotiate or transfer the note, such authority being rendered necessary by the provision of law that the title to Government Pro-notes passes only by endorsement. B dealt with the note as his own property and not as forming part of his ancestor's estate to be administered (Solicitor to the Government of Indi's opinion) .

Cancellation of Government Pro-notes.

80. It is important that the signatures of the Examining Officer and the impressed stamp of the Controller of the Currency on cancelled notes should be properly cancelled, and not merely by a stroke of the pen: and it is suggested that a metal stamp be used for cancelling signatures as shown separately. Both upper and Lower halves should be cancelled. A similar method may be adopted in Mysore.

Provisions being done here

Endorsements.

81. It has been held that the form "Pay to A.B. and C.D. or order of either" is inadmissible as an endorsement because the words "of either" can be added fraudulently. The endorsement should therefore be as "Pay to A.B. and C.D. or either of them, or orderB."

This is correct

Endorsement in favour of registered companies.

82. In the absence of any prohibition in its articles of association, a registered company can invest its funds in Government Securities, although there is no specific authorisation for the holding of such notes.

more words

83. The Agent of the Company must produce authority to deal with Government Securities belonging to the Company, either by a power of attorney from, or by a resolution passed by the Directors.

Endorsements made
by an attorney in
his own favour.

84. Endorsements made on Government Pro-notes by an attorney in his own favour, cannot be admitted unless the agent obtains and produces a letter of consent to the transfer, from the principal.

Why?
Unlikely
have refd to
law dept

Endorsements on Go-
vernment Pro-notes
literal agreement
of signatures of
with endorsee's na-
mes.

85. Literal agreement has as a rule to be insisted upon, and the position was stated in the Secretary to the Government of India's letter No. 887 A dated 15th December 1916, to be as follows:-

....."..... The Government of India are advised that the legal position is that the Public Debt Office is responsible for assuring itself of the identity of the person making an endorsement, and although a variation in the spelling would not ... invalidate an endorsement, it would probably be regarded as putting the Public Debt Office on enquiry as to the identity of the person making it, should it subsequently transpire that the endorsement has been made by a person other than the person purporting to make it. Hence the Government of India direct with a view to meet the convenience of the public, that (1) where the name of the holder as signed by him differs from the name in the body of the note or in the transferring endorsement, but the two spellings represent transliterations of one and the same vernacular name, the Public Debt Office will ignore the difference of spelling, if it arises merely out of a variation in transliteration. (2) where Government Pro-notes belong to a minor but the Public Debt Office owing to its having no notice of the fact allows dealing in the notes, The Government of India are advised that for all practical purposes,

This may be adopted as a working rule. I think this is adopted here also

purposes, the Public Debt Office would be right in assuming that a person is not a minor unless there are definite grounds for their believing that he is one

endorsements by office holders.

86. Where certain Government Pro-notes contained endorsements in favour of and by the holder of an office (e.g. Superintendent, Army Clothing Factory, Bombay) which is not included in the list of offices sanctioned by the Government of India and given in the Government Securities Manual, the Public Debt Office returned the Notes (tendered for payment of interest) under objection as follows; "The endorsement in space --- is inadmissible. The personal name of the Superintendent, A.C.F. who has discharged the note should be inserted in the endorsements under authentication of the respective endorsers." - This objection could not be got rectified, as the office had been abolished and the incumbent was not in service. The Notes were referred to the Controller of the Currency for orders. The Controller of the Currency ordered acceptance of the endorsements in question in the circumstances. This practice may be adopted in Mysore also in special cases.

No few cases need

Illegible signatures in endorsements

87. "..... There does not ordinarily appear to be any objection to the holder of a Govt. Pro-note adding his usual signature below the endorsement, agreeing letter for letter with the name in the body of the note or in the transferring endorsement as the case may be

In some cases the duplication of signature may possibly make it appear that an unnecessary signature has been interpolated. It is not considered necessary to insist on requiring redundant signatures to be deleted under authentication where there is no vestige of doubt regarding

regarding an endorsement, but the practice has been in vogue here for a very long time." (Cal.P.D.O's letter...)

Endorsements in green or coloured ink.

88. Endorsements made in green ink should be cancelled and re-written in black or blue ink.... There is no authoritative ruling with reference to endorsements in green ink, but as it has been found by long experience that this ink fades very quickly and is therefore unsuitable for permanent records, it is the practice to call for fresh endorsement in a different coloured ink; we cannot however insist upon this. *Write to.*

89. This practice may therefore continue to be followed, both in the interests of Government and the public. Where fresh endorsements are not procurable, the objection could be waived. This practice may, it seems, be adopted in Mysore also. *Yes*

Endorsements.

90. Vernacular initials in signatures to endorsements need not be written according to the pronunciation in the name of the holder. *preferable after compliance with points request in Encl. 10*

91. Notes bearing two cancelled endorsements must be renewed. *This is a very wholesome rule may be insisted on*

92. Endorsements under contracted signatures for full names are inadmissible (except in the case of Europeans) while full signatures for contracted endorsement is admissible. *very important*

Renewal in favour of claimants of deceased holders in the case of Bombay Municipality's Loans.

93. ... As the heirs of deceased holders are allowed to negotiate Govt. Securities on production of the certificate prescribed in the Government Securities Manual para 60(a), the Municipal Commissioner has decided to extend the same concession in respect of Municipal

Municipal Debentures and accordingly authorises the Imperial Bank to accept such certificates in future without reference to me....' A similar practice may be adopted in Mysore also in respect of debenture loans of Municipalities and District Boards as this will be a great convenience to the public.

Use has been adopted
This is for Govt. Pro-notes which have been already furnished
 Copies of cancelled Notes.

94. Certified copies of endorsements in cancelled Government Promissory Notes can only be furnished to the applicant on the P.D.O. being satisfied as to the identity of the holder, and upon execution of a bond of indemnity and on receipt of a copying fee at the rate of Re.1/- per each copy and also a search fee of Re.1/- per note.

(Vide Govt. of India Notification No.3193 F. published in the Gazette of India dated 16/18th December 1920).

Clear order of Govt. have been issued in this matter already

95. Renewal of all Govt. Pro-notes bearing a single cross endorsement should at once be insisted upon, and the notes should not be allowed to go into circulation. (A circular was also issued in this connection by the Imperial Bank P.D.O.)

Interest warrants.

96. Interest warrants in respect of lost stock certificates should be sent to the holders although the duplicates have not been issued.

Risky

97. The natural guardian of a Christian or European may deal with Government Pro-notes on production of evidence to the satisfaction of the Controller of the Currency who is open to receive applications to recognise such fathers in cases of small investments, that the investments have been made by the father and that they wish to act for the benefit of their minor children.

Inspection of cancelled Notes.

98. Inspection of cancelled Government Pro-notes

can only be furnished to a past holder or his legal representative under a bond of indemnity and on payment of searching fee Rs.1/-, the bond of indemnity being in the prescribed form.

*Rule
Para 94*

99. The past holder or his legal representative is only entitled to information regarding, or inspection of a cancelled Government Pro-note only up to the points where such past holder's interest in the Securities ~~seems~~ ceases.

Renewal.

100. In renewing Government Pro-notes, the procedure is to follow strictly the last endorsement and in the case of notes issued in alternative names where no endorsement has been made, the notes will be renewed in the names of the parties in which they were issued, unless a certificate is produced establishing the death of one of them or in the alternative, the notes are definitely transferred by one of the parties into his or her name by a specific endorsement.

If the notes have to be renewed in a sole name, it will be necessary to make a special endorsement on each of the notes transferring them in the individual name or to produce proof of death of the other holder.

*This was the
procedure
followed & I think
increasing number
cases we had. PS has got
the papers from
the Comptroller's office*

101. In renewal cases, the cases which are renewed on the strength of indemnity bonds are extremely rare. If there are any objections, they are got rectified. But where there is a real defect in title, the cases are referred by the Public Debt Office to the Deputy Controller of the Currency, and if he does not ask the Public Debt Office to waive the objections he orders the Public Debt Office to renew on the strength

strength of indemnity bonds, which are very carefully scrutinised. But such cases, unlike in Mysore, are very rare. Considerable extra work can be saved in this office by limiting recourse to indemnity bonds.

*How?
not possible to
afford*

Old Notes.

102. Old cancelled notes have to be sorted under the several loans and arranged numerically and kept in locked almirahs. This procedure has to be introduced in this office also, where the notes are at present being filed with the papers relating to each case.

*The present procedure
is a very good one than been introduced
after careful deliberation
no change
necessary*

Managing Member
of a Hindu un-
divided family.

103. The managing member of a Hindu undivided family is not necessarily the senior member of the family.

The rule in this respect is contained in the proviso to the Section 12 of the Indian Securities Act, which authorises the issue of a certificate in favour of the "Managing or sole surviving male member" of a Hindu Family and not the senior and managing member or sole surviving member of the family. There is also no objection to the issue of a certificate in favour of two or more persons, jointly as the management of the joint funds of an individual Hindu family may be entrusted to two or more members of the family at the same time."

*The legal
posn has to be
examined*

Certification of
endorsements on
Government Promi-
ssory notes.

104. In the case of all Government Securities tendered at a Public Debt Office for re-enfacement to another Public Debt Office, to obviate the necessity for any subsequent examination of endorsements in the receiving Public Debt Office, and to avoid delay to the public due to calling for powers of attorney, specimen signatures, and details as to the constitution of firms which may be well known in one pre-

presidency but not in another, the practice of certifying endorsements as in order when transferring Government Pro-notes for payment of interest to another Public Debt Office, has now been adopted. To meet the convenience of the large number of holders of Mysore Securities in Bombay, Madras, etc., and to facilitate transactions with respect to these, it is very desirable to adopt a procedure similar to the above whenever notes are enfaced in this office to these places. Similarly the reverse procedure may be adopted when endorsements supported by documents are accepted in the offices in Bombay, Madras etc.,

*orders have
been passed
re this*

105. The above procedure was adopted in British India at the instance of a complaint from Chugondas & Co., an important firm of stock brokers. At present, therefore, when a note is enfaced by one Public Debt Office on the other, the remitting office will at the same time examine and authenticate the previous endorsements over its stamp, thus relieving the receiving Public Debt Office of the necessity of verifying endorsements with which it may not be familiar.

*single
stamp only
a*

106. The certificate of verification is given in the following form:-

(Number)

Certified that the above _____ endorsements have been examined, are valid and correct.

Dated.....

For Superintendent,
Public Debt Office.

Endorsements by firms.

107. The practice hitherto in respect of endorsements on notes by private firms was based in British India on the ruling in para 44(iii) of the Government

Government Securities manual, according to which, where the firm was not well known and its usual signatures familiar, particulars relating to the constitution of the firm, nature of business carried on, specimen usual signatures etc., in one or other of the prescribed forms, one for unregistered impersonal firms, and another for unregistered personal firms, were being called for, owing to several complaints received in the matter from the public, the Controller of the Currency directed in his letter No. 1489 dated 29th June 1925, ... "that the practice of calling for a description of the nature of the business conducted by unregistered personal firms in the case of Government Pro-notes bearing their endorsements may be discontinued".

108. It was later further stated that as the present practice whereby the Public Debt Office calls upon presenters to produce the names of the partners of a firm and specimen signatures of each partner, causes a certain amount of inconvenience to the public, it has been decided by Government that for the present, the verification of signatures may be restricted to the following cases:-

- (1) where the face value of a security endorsed by any such firm exceeds Rs. 5,000/- and
- (2) where the actual applicant for conversion, renewal etc, is a firm and converted, renewed etc, notes are issued in the names of the firm, irrespective of the face value of the notes. This facility should be provided, I think, in respect of the Mysore Securities also.

*no. 1489
Sec. 1489 G.A.
have put up
a work which
which was
very satisfactory
that may be
continued
yes*

Distribution of work and duties in the P.D.O.

109. The Public Debt Office forms one of the various departments of the Imperial Bank of India, and is under

under the control of the Superintendent. Only in very important and special cases, reference is made to the Secretary and Treasurer, for instructions, in respect of Public Debt Work. The routine duties of the Public Debt Office are not attended to by the Superintendent but by one of his Assistants, of whom there are five officers. The Superintendent is thus enabled to devote himself to watch the disposal of work in the office as a whole, and check the work of the officials, to verify the balances of notes received and disposed of, to attend to the disposal of important cases of dispute of title to notes, lost notes etc., and other important questions. The following are the details of the delegation of work.

1. Notes tendered for enfacement, renewal, consolidation etc., are examined by two clerks, first the Junior Examiner and then verified by the Senior Examiner, and are then proceeded with, if in order. Only if the notes are returned under objection, the objection memos are sent to the Superintendent for approval. The examining clerks are fairly senior officials, and are personally responsible to see that the endorsements passed by them are in order, and conform to the rules relating to them. In this office even when the notes are perfectly in order, as regards endorsements, etc. every case is sent to the officer for approval to en-
we need not follow the Bombay procedure in these things also. we deal with a limited no. of cases - Affair all got not - therefore be distributed within the Section on the concerned lines

*Mr. Maitly
internal admin.*

lines adopted in Bombay and the officials concerned held responsible for the proper application of the rules etc.

(2) Acknowledgements and receipts to parties for notes received either by post or over the counter, are signed by one of the Assistants and not by the Superintendent. In this office, either the Superintendent of the Section should be empowered to sign these, or one of the Juniors officers under training should be attached to the Section so that the routine duties of the Section could be attended to.

There is not enough work even as it is for a whole week
gpcar

(3) Enfacement and cancellation of enfacement, advices sent to the Public Debt Office, Calcutta and the Treasury concerned, are signed by one of the Assistants. As this work takes considerable time owing to the large number of advices that have to be sent every day, and is also of a routine nature, the work of signing these advices may be entrusted to the Superintendent of the Section in this office, who shall before issuing the advices, verify them with the notes themselves.

MS
The present procedure may continue

(4) When notes are renewed, the cancellations of original entries in the issue registers, as well as in the interest audit registers may be made by the official in charge of the work and need not be done by the officer in charge. So long as the old notes themselves are cancelled by the officer, there is no objection to entrusting the work of cancellation of entries in the Registers to the Subordinate Staff. The cancellations of entries in the Interest Audit Registers should however be checked by the Superintendent.

It is necessary that Cancellation in the issue Reg. is made by the gpc

Superintendent of the section also, when the old notes are verified at the close of the day and kept in custody.

(5) All skeleton forms of notes should however be kept in custody carefully, and should be taken out ~~only~~ by the officer, to meet the daily indents, a ledger account being also maintained for the forms.

110. The State Loan Section of this office combines the functions of the Public Debt Office, as well as of the Controller of the Currency, as it is the final office in respect of all Mysore Loans. Hence the officer in charge has to attend to the routine work of the Public Debt Office, as well as all cases referred to the Controller of Currency or Deputy Controller of Currency elsewhere. These cases of reference require careful consideration and decision, and it is quite imperative therefore that the routine work of the Section should be delegated to the Sub-ordinate staff or to an Assistant, to enable the officer to devote himself more fully to dispose of important cases of interpretation of law, and procedure and to scrutinise the expeditious disposal of work in the office. In the disposal of cases referred to him by the Public Debt Office regarding the acceptance or validity of endorsements etc., the Controller of the Currency is authorised by the Government of India to accept liability on behalf of the Government of India without limit of amount, for the renewal, consolidation etc, of Government Promissory Notes. This power has been quite recently (i.e, May 1925) delegated to Deputy ~~Commissioners~~ ^{Controllers} of the Currency, in order to facilitate quick disposal of cases referred from the Public Debt

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Offices. Similar authorisation by Government to the Controller in this State seems to be necessary if cases have to be disposed of expeditiously.

Payment of Interest
on Mysore Govern-
ment Securities in
Bombay.

111. A very important question that deserves careful consideration is that of making suitable arrangements in Bombay for payment of interest on the Mysore Loans, and affording facilities for transactions on these securities. A large number of securities is held by the people in Bombay, the amount so held being from 50 to 75 lakhs of rupees. At present, under an arrangement agreed to by the Government of India, interest on the securities is being paid to the holders half-yearly on the due dates by the Deputy Controller of the Currency. There are some irregular and anomalous features in this payment of interest by the Deputy Controller of the Currency. The Deputy Controller is responsible for payment to the proper owner of the note, and where the endorsement on the notes are all personal ones, there is little difficulty or doubt about the holder of the note. But where there are endorsements by an attorney, holder of a succession certificate etc, the necessary documents should be registered in the Deputy Controller's office or these endorsements should be certified by this office. The latter arrangement would mean endless delay and inconvenience to parties and would effectually prevent transactions in Mysore Government Securities. In the former case, however, strictly speaking, the documents should either be executed and duly stamped in Mysore or obtained from a Court of Law in Mysore. In actual practice, the Deputy Controller of the currency does not maintain any register wherein powers of attorney

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attorney e.g. given by the numerous Banks in Bombay in favour of their Managers, etc, are registered, but endorsements by such Banks etc, have been and are being recognised and interest paid to subsequent endorsees. The payment of interest in these cases is irregular as the powers of attorney are not registered nor are the endorsements certified. Further, when bonds containing such endorsements are subsequently received in this office for renewal, repayment etc, this office cannot question the validity of such endorsement as interest according to rule is payable to the actual owner of the note and has been so paid by the Deputy Controller of the Currency for several half years to an individual. Besides, by these documents not being registered in this office, some income in the way of stamp duty etc, is being foregone. To avoid inconvenience to parties the Mysore Government has agreed to the Public Debt Office (the Imperial Bank) in Madras, registering documents in their books and certifying endorsements on Mysore Government Securities supported by these. The case is different in Bombay, as interest on the loans is not paid by the Imperial Bank. The Deputy Controller of the Currency, so far as I was able to ascertain informally, is not anxious to register all such powers of attorney presented by Banks, etc, as this would mean an enormous amount of work in his office, nor to certify endorsements on Mysore Government Securities. As it is, the Deputy Controller of the Currency is taking risks in such payments, and from our point of view, the procedure is irregular. The position is therefore one requiring consideration, and perhaps, the Deputy Controller of the Currency may also be written to in the matter.

Attains

Mr Ganapathy is apparently not aware of the previous correspondence on this subject. It was left some difficulty & conv. that the present procedure was arrived at.

The Imp Bank wanted remuneration for payment of interest on bonds & the Govt was not prepared to file it as they were doing the work for the Govt of India.

112. Again, the Deputy Controller of the Currency registers succession certificates, probates, etc, granted by British Indian Courts in his books and acts upon the authority of these in respect of Mysore Loans. According to the ruling of Government, such documents have no validity with respect to Mysore Government Securities and this point was specially made clear to the Imperial Bank in Madras, by whom the restriction has been observed. A large sum is also lost to Government in stamp duties etc, by the present procedure of the Deputy Controller of the Currency in Bombay. When once the documents have been accepted by him, this office cannot reasonably insist upon their registration subsequently in this office. At the same time, it was stated that if the restrictions were insisted upon to be strictly followed, the transferability and therefore the popularity of the Mysore Government Securities in the Bombay Market would be seriously jeopardised. This is ^a pertinent matter and some definite ruling is necessary to remove the present anomaly.

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Provision of additional facilities in Bombay in respect of Mysore Government Securities.

113. It was understood (learnt) in Bombay that although the Mysore loans were popular as an investment, transactions in these securities were not numerous nor were they quoted in the Bombay stock Exchange Market. The reason for this was stated to be the want of facilities for the easy transferability and marketability of the securities in Bombay. On the one hand, all legal documents were required to be obtained in Mysore Courts and registered in this office, and on the other, all cases of renewal, enfacement, conversion etc, of these securities have to be sent to this office for necessary actions.

This course entailed considerable delay, which the business people could not afford, and hence no transactions could be effected. If arrangements were made so that these items of work could be attended to by the Public Debt Office (Imperial Bank of India), Bombay, the popularity of these securities would considerably increase. Any small remuneration that may have to be paid to the Imperial Bank for this work would be compensated by the other advantages, and additional facilities to the public, and the saving of work in this office, as all renewal, enfacement etc, of notes enfaced to Bombay would then be done by the Imperial Bank. Further, the assistance of the Bank could be made use of at the time of repayment of the existing loans, or on the occasions of raising of new loans.

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General.

114. As in British India, the State Loan Section of this office should be arranged to be inspected periodically, say once in two years. Such inspection should comprise of two parts. (1) A detailed Audit Inspection, and (2) a General Review of the work of the office from the administrative point of view. The important registers of the Section, given below, should be examined. (1) Day book (2) Journal and Ledger of daily transactions, (3) Enfacement Registers (4) Unclaimed note register, (5) Renewal Register, (6) General Ledger (7) Register of Stock Certificates, (8) Register of Interest Warrants (9) Ledger of Skeleton forms, (10) Cash Book (11) Delivery Book.

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Under the former, a test audit of the transactions of one month on the following lines, should be carried out.

1. The counter registers showing the receipt and disposal of notes over the counter should be checked with the counterfoil receipts and balance books.

2. The voucher slips of daily transactions for one month should be checked with the day books and the daily journal and ledger.

3. Some entries in the Renewal Issue Register to be checked with the cancellation of the old numbers, in the issue and interest check registers.

4. Delivery book to be checked with the cancelled receipts and day book.

5. Cash book to be checked with the cancelled receipts and day book.

6. Entries in the enfacement register of a particular loan to be checked with the cancellation of old numbers in the Renewal Registers

7. Notices of stoppage or removal of stoppage to be traced into the issue and interest check registers.

8. Requisitions for stock certificates to be checked with the stock issue register.

9. It should be specially seen whether the outstanding amounts of the different loans in the ledger agree with those in the issue register, that the records of the section are carefully maintained, time-expired records being destroyed promptly, and that cancelled securities are safely kept in custody. Special attention should be devoted to see whether the procedure or the work of the Section could be improved so that further facilities might be granted to the public.

Conclusion.

116. As stated by the finance member of the Govern-

Government of India in an address delivered before the Delhi University, on November 27, 1925, the question of improving the procedure of the Public Debt Offices and the administration of Public Debt Work with a view to create more facilities for dealing in Government securities, and to develop the growth of more stock exchanges on sound lines in India, is at present engaging the earnest consideration of the Government of India. In inviting the opinions of the Public Debt Offices in Bombay and Calcutta on this subject, the Managing Governors of the Imperial Bank of India, in their letter No.283/48 dated Cal - Central Office, 22nd January 1926, to the Secretary and Treasurer, Bombay, expressed as follows:-

"..... The financial Secretary to the Government of India further writes as follows:- 'Another important aspect of the question is that of improving the transferability and marketability of Government Securities. Under this head, the Government of India would welcome any suggestions whether in the direction of improving the legal characteristics of Government Securities, particularly Promissory Notes, or of improving the machinery for the transfer of securities from one local head office of the Bank to another, or of modifying the system of accounts in the Public Debt Offices, so as to facilitate the opening of fresh Public Debt Offices in addition to those at Calcutta, Bombay and Madras, should this be considered desirable. The object of the last suggestion is, of course, the creation of local markets for Government Securities and the development of local stock broking which might lead to the development of stock-

stock-exchanges dealing also in industrial securities.." and we shall be glad to receive any remarks or suggestions you may care to make in this connection.

117. It occurs that a portion of the Bank's holding in the more popular Government Loans (clear paper) might with advantage be kept at some of the larger Branches, and permission given to the respective Agents to deal in Government Securities to a limited extent. The delay in obtaining the paper, or the proceeds, when purchases or sales are effected by up-country constitutents, must ⁱⁿ militate against the marketability of such securities and the adoption of this proposal might conceivably result in a larger turnover of the Bank's holding, with consequent profit. Purchases would of course, have to be restricted to paper which had been passed by the Public Debt Offices but the fact that paper held in the Bank's safe custody could be sold without the usual delay should act as an incentive to investors to keep their paper at the Branch ; please let me have your views on this suggestion.

118. Another factor which adversely affects the popularity of Government Loans up-country is the difficulty and delay in obtaining payment of the interest at the Treasuries and there is no doubt but ~~that~~ such payments could be made much more expeditiously by the Bank's Branches. We shall be glad if you will consider this suggestion also from the point of view of popularising investment in Government Securities. If it is decided to adopt it, the amount of work involved and the remuneration to be received

received from Government for such work would of course have to gone into very thoroughly."

119. As similar questions have considerable significance to us and are worth consideration, the views of the Public Debt Offices, Bombay and Calcutta on the subject are indicated below. The Imperial Bank of India, Bombay suggested that (1) the machinery for the transfer ~~xxxxxx~~ of securities from one Presidency to another should be improved, and (2) that each Public Debt Office should be authorised to hold a sufficient stock of Government Pro-notes of proper denominations issued in the name of the Deputy Controller of the Currency, so that delivery of new paper to holders in lieu of old securities, lodged for renewal, conversion, etc., will be considerably facilitated and expedited, (3) If before payment of interest on Government Pro-notes is effected, each Public Debt Office or Treasury concerned certifies endorsements (if any) made by administrators, executors, or Succession certificate holders on such securities or certifies registry of other documents such as death certificate, power of attorney, Court's order etc., where necessary, transferability of paper from hand to hand will be a simple matter. Brokers and Banks selling or purchasing Government Pro-notes in the market, are conversant with ordinary endorsements but where documents are concerned, the paper has to be forwarded to the Public Debt Office or the Treasury for certifying, unless brokers and banks are prepared to effect the transactions first and then send the paper

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paper on for necessary certification. (5) It is desirable to open now Public Debt Offices, one in Karachi and another in Nagapur for Central Provinces and Berar, where there are 22 District Treasuries and 67 sub Treasuries. (6) The work of enfacement and payment of interest would be expedited by entrusting the work to the Bank's branches.

The Calcutta Office went further in its suggestions; first, as regards improved legal characteristics, it stated: The chief legal characteristics of a Government Pro-note which concern the public are the date of repayment and the endorsements. Endorsements on Government Pro-notes are governed by the negotiable instruments Act. According to this Act, a forged endorsement conveys no title to subsequent holders, though they may be holders in good faith and for value; and herein lies the chief bar to ready marketability, of Government paper, because intending purchasers will always be unwilling to buy paper which bears endorsements unknown to them. The rules and regulations governing these securities are devised to secure the rightful owner against loss and it is difficult to see how the rules can be relaxed without diminishing the security of the rightful owner which is such an important characteristic of the notes, unless Government would be prepared to modify the Act so as to protect in the case of a forged endorsement holders in due course; this would greatly facilitate the marketability of Government Pro-notes.

121. As regards the form of endorsements, there is one matter which Government might amend. Endorsements by firms,

9 firms, if the notes endorsed are over Rs.5,000/- in face value, must always be investigated by the Public Debt Offices who must under present rules call for the constitution of firms and signatures of the partners. It would facilitate matters if all such endorsements were allowed to pass if prima facie in order; endorsements by females are also subject to ~~re-~~ restrictions which might be modified if Government would accept the liability. Greater laxity might also perhaps be allowed as to the names in which Government Pro-notes are permitted to be endorsed. Under the present rules Government pro-notes except in the case of corporate bodies, and of certain designated officers, are only allowed to be held in the names of persons; liberty of endorstation such as is recognised by Banks in the case of cheques would be appreciated by the Public who are at present often at a loss to know whether endorsements are acceptable or not, and who are often in great difficulty in rectifying honest though irregular endorsements.

122. As lesser concessions to the Public, it is suggested that Government Pro-notes might be allowed to be renewed in the names of nominees of the holders, and that endorsements by minors through their ^{parent} ~~present~~ guardians should be admitted, whether these minors are of Indian or extra - Indian domicile; considerable trouble is not infrequently caused to parents of non-Indian domicile who purchase in India Government Pro-notes for their off-spring and subsequently leave the country; under present ruling, they must produce a formal certificate of guardianship or

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attention

or submit a formal sworn affidavit to the effect that they are the parents of the minors.

123. The Establishment of additional Public Debt Offices is, in our opinion, desirable from many points of view; business in Government paper of all sorts would be facilitated and work in the existing Public Debt Offices decentralised; we consider that there should be one each, in Rangoon, Karachi, the Punjab and the United Provinces or as a compromise, a Public Debt Office in Delhi, working in conjunction with the Deputy Controller of the Currency, Northern India, to serve the latter *area.*"

124. As indicated above, several changes in the procedure and work of the Public Debt Office are now under consideration in British India, and as in respect of Public Debt Work it is desirable to have uniformity of procedure, and a State Loan Department has come to stay in this office, I am of the opinion that considerable benefit will accrue in systematising or improving our own procedure by deputing a Senior Superintendent or an Accountant for a short period to one of the British Indian Offices, periodically at the end of ~~any~~ ^{every} 4 or 5 years, while the cost to the State on this account would be small.

10/6/26

Elanapati Eyer

C. O. 42. Gl.

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT
OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. 240-S.L. / me

Bangalore, Dated... ~~23rd July~~ 7th August 1926.

From

S. SHAMANNA,
~~XXXXXX XXXXXXXXXX~~ Esq., B. A.,
 Offg. Comptroller to the Government of
 His Highness the Maharaja of Mysore,
 Bangalore.

DIARY NO. 541

1925 - 1926

Section. G.P.

File No. 40-25

Mysore, Bangalore. 90



B. Sreenivasa Iyengar, Esq, B.A., B.L.
 Secretary to the Government of
 Financial Department,

FINANCIAL SECRETARY

9 AUG. 1926

No.

Adverting to this office letter No.S.L.4023 dated 31st May 1926/

19th June 1926 forwarding the report of Mr. Ganapathi Iyer on the subject of the organisation and management of Public Debt Work in the Mysore State, I have the honour to submit extracts from the same and solicit that orders of Government may be passed on them.

2. Para 4. Transactions in the Public Debt Office and receiving of Securities. For reasons given in this paragraph, it is considered that getting transactions done over the counter is the simplest and may be introduced as far as possible.

3. X Para 23. Lost Note cases. As noted in sub para (3), the Public Debt Office may be authorised to insist upon the production of an affidavit on oath with a stamp fee of Rs.2/- before a First Class Magistrate. This precaution is an additional safety to Government.

4. Paras 24 & 25. Procedure regarding issue of duplicates of notes of Rs.25; 50 & 75. In the case of issue of duplicates of lost notes of the value of less than Rs.100/-, the Government of India have decided that the ordinary procedure may be dispensed with and that duplicates may be issued immediately even without any bond of indemnity. The risk involved is small while the advantage to poor investors is great. I therefore request that Government may be pleased to authorise the Comptroller to issue duplicates immediately, provided the claimants adduce sufficient proof to satisfy him that the originals have been actually destroyed and not merely lost.

5 Para 36. Non-transferable Deposit Receipts. Under Article 364(a) of Mysore Account Code, Volume I which corresponds to paragraph 53(1) of the Government of India Securities Manual, counterpart notes not negotiable are being issued in certain cases for the protection of the interests of owners who are not in a position to deal with their property themselves. But the Government of India, have ceased issue of counterpart notes, and in their place non-transferable deposit receipts are being issued. For reasons adduced by Mr. Ganapathi Iyer, these receipts are safer and more convenient than counterpart notes.

6 I therefore suggest that in future the procedure of issuing non-transferable deposit receipts as provided in para 36 of the Government securities Manual may be adopted here also in dealing with notes which are the property of minors the powers of whose guardians are limited to the drawing of interest or balance to an estate in which administration is limited to interest. The form of such receipts will be exactly similar to that of the Government of India and corresponds to stock certificates.

7 Paragraph 37. Registration of succession certificates, powers of Attorney, etc. These documents have to be registered free when they are tendered for registration if the relative securities are lodged. But a registration fee of one rupee per document may be levied, as in all the Public Debt Offices, when they are tendered merely for registration. The levy of such fees will be a proper charge for the work imposed upon the Public Debt Office. I solicit sanction of Government for the levy of the fee.

8 Paragraphs 39-40. Procedure to be followed for renewal of Promissory notes in case of dispute as to title. In these paragraphs detail regulating the procedure have been discussed and the same will be adopted by me as may be found to be convenient.

9 But, I request formal approval of Government to the suggestion contained in paragraph 44 of Mr. Ganapathi Iyer's report, authorising me to inform the stopper of a promissory note, that unless a formal order is received from some competent court within 15 days restraining the negotiation of the note, steps will be taken to determine the title to it in accordance with the procedure prescribed in section 12 of the Mysore Securities Regulation, which corresponds to section 13 of the Indian Securities Act.

10 Paragraph 53. Procedure for recognising trusts under Section 3(2) of the Regulation.

As under the Securities Regulation of 1894 no trust was recognisable, cases relating to trusts have not been received in large numbers and discussed. But with passing of the Regulation of 1925 and the rules thereunder, it is necessary that elaborate rules relating to trusts should be framed for guidance. The revised procedure that is laid down for adoption in British India Offices, may be conveniently adopted in Mysore also. I therefore solicit orders of Government for adopting 'in toto' the procedure described in Mr. Ganapathy Iyer's note which is produced here in full.

11 Procedure for recognising Trusts, etc, under Section 3(2) of the Securities Act.

The present procedure in this respect is some-what anomalous and defective, and it is necessary that a revised procedure be adopted in this office which is in accordance with Act. The procedure in Mysore follows that which was in force in British India and which has been discontinued since over a year. The scope of the law and the practice to be adopted in the matter, as discussed by the Controller of the Currency, are given below:-

12. Before the introduction of Sub Section 3(2) of the Indian Securities Act, a practice had arisen of allowing Government Securities to stand in the names of persons under the description of "Administrator or Executor of the estate of" a deceased person. This practice had grown up in order to evade the then existing law in regard to the non-recognition of trusts by Government but was allowed to continue on grounds of practical utility, though it was decided that the position would be cleared up when the Act was amended. Sub Section 3(2) was accordingly introduced into the new Act of 1920 to regularise the recognition of administration by Government. This sub section protects Government, if it recognises an endorsement by a person signing himself as administrator or executor, but it does not apparently contemplate securities standing in the name of a person described as such. It has therefore been decided to discontinue the practice and the Public Debt Office has been asked to refuse to take any action on a note standing in the name of a deceased person until the executor or administrator has endorsed it in the name

name of somebody simpliciter as "A" executor or administrator to estate of "B". A copy of the name of objection to be used in such cases is also given.

13.

As a considerable number of Government Pro-notes are probably held at present by persons as executors or administrators, it has been decided in British India to go on paying interest to their discharge and only to apply the procedure to new cases where notes standing in the name of deceased persons are presented to the Public Debt Office for action. The Public Debt Office normally should deal finally with such cases themselves, only doubtful cases being referred to the Controller of the Currency (or Deputy Controller of the Currency) for orders. It has also been decided that cases in which the notes stand in the name of the executors of the deceased holder, for which interest was being paid to the executors but where the interest cases have now all ^{been} exhausted as well as cases in which the notes have been allowed to stand in the name of the deceased holders and interest is being paid to the executors or administrators after the probate or letters of administration have been registered in the Books of the Public Debt Office, and in which the interest cases have been exhausted, should be held to come under the category of "new cases" for purposes of the procedure prescribed above; and the executor should endorse the notes either in favour of self or somebody else before the notes can be renewed, as the renewed notes cannot be issued in favour of anybody described as executor to the estate of so and so under the revised procedure. In this office, the old procedure is still being continued (vide Oletti Chintaliah setty's case), which is irregular, and the revised procedure may be brought into effect here also."

Memo of objection.

To

Your attention is directed to Section 3 of the Indian Securities Act 1920 reproduced below:-

As no notice of any trust in respect of the Government Pro-note is receivable by Government and as there is no provision for the issue or the recognition of an endorsement on a Government pro-note in favour of a party in a representative capacity, the note must be endorsed by the executor/Administrator describing himself as such in the following form before any action can be taken by the office on it.

Pay to for order,

Signature

Executor to the estate of
Administrator

If he wished to be described as the holder of the security in a representative capacity, it can be converted into a stock certificate, in his name as trustee on a proper demand being made under para 6(1) of the Indian Securities Rules.

Superintendent.

Para 57. A case bearing on the recognition of trusts, and the limitation of such recognition, and recently decided by the Deputy Controller of the Currency, Bombay is given below for information and note where certain pro-notes held by a deceased were endorsed in the name of his son, as trustee and holder of letters of administration of the estate of the

the deceased, and where the administrator subsequently died, and letters of administration in respect of his estate (personal) were obtained by his wife on behalf of a minor child, and the second administrator of the first administrator claimed transfer in her favour of the bonds held by the first administrator in his representative capacity, on the ground that Section 3 (2) of the Indian Securities Act authorises the Public Debt Office on being satisfied of the due appointment of an administrator to treat him as the full owner of any Government securities belonging to the estate of the person whom he represents, it was held by the Deputy Controller of the Currency (according to the opinion of the Government Solicitor and following precedents) that as the notes were not transferred by the first administrator during his life time in his representative capacity as administrator, they should be treated as still forming the property of the first deceased, and the subsequent administrator who has obtained letters of administration to the estate of the first administrator cannot deal with those securities without obtaining letters of administration de bonis non granted in her favour in respect of the estate of the first deceased, or except on production of a court's vesting order. The reference to Section 3 (2) of the Act made by the solicitor, has no bearing in the present case, as the first administrator is dead.

14/ Paragraph 58. Negotiation of securities standing in the names of minors. Section 19 of the Regulation and Rule 23 of the rules are merely copies of section 20 of the Government of India Act and of rule 35 issued thereunder. The father, or if the father be dead, the mother of a Hindu or Mahomedan minor can deal in securities standing in the name of a minor without obtaining a certificate under the Guardian and Ward Act (vide para 47(3) Note of the Government Securities Manual). How far this concession can be extended to non-Hindu and non-Mohamadan holders is the subject of discussion in Government of India.

15/ The question for consideration is whether we may assume that the guardian of a non-hindu and non-mohamedan minor or lunatic may negotiate securities standing in their name of the minor or lunatic upto a limit of Rs. 5,000/-.

16/ As remarked in para 62 of the report, the Controller of Currency has never specifically suggested to Government that the Indian law should be modified in this way and in his opinion it is unlikely that the legislative department would accept a provision which in effect would create a special type of guardianship for Europeans and others in respect of Government Securities only.

17/ I therefore request that Government may be pleased to permit the Comptroller to use his discretionary powers to accept or reject endorsements by non-hindu or non-mahomedan guardians of minors and by all guardians of lunatics when the total holdings do not exceed Rs. 5,000/-. Kind attention is also invited to paragraph 97 of the report on the same subject.

18/ Paragraph. 72. Change of name.

In Government of India changes of names of holders of securities may be recognised by merely getting the change published in the Government Gazette and getting fresh endorsements made in the new name. Similar procedure may be ordered to be followed in Mysore.

19/ Paragraph 88. Endorsements in green ink. All the Public Debt Officer's reject endorsements made in green ink as it has been found by long experience that this ink fades very quickly. Following the procedure obtaining the same, I also propose to get cancelled endorsements made in green ink and get them re-written in black or blue

blue ink. But however, if the holder refuses, this cancellation cannot be insisted upon and the green ink has to be accepted. It is requested that prohibition of the ^{use of} green ink conveyed in G.O.No.68402-53 6173-27-7 dated 22nd May 1926, applies to these cases also.

20

Para 104. Certification of endorsements in Government Promissory Notes.

The practice of certifying endorsements, so far as powers of attorney, firms, etc, are concerned, has been recently introduced in the Public Debt Offices and the form of certificate is that given in paragraph 103. The point for orders is whether this office may accept such certification if made by the Public Debt Officers, Bombay and Calcutta. The certificates of the Public Debt Office, Madras, are being acted upon as already approved by Government in their letter No. *7A5300 / G. F. 7-24-71*

dated. 28.3.1925. By following this procedure the risk involved is a little while the advantage to big investors outside the State is immense.

21

Paragraph 107 and 108. Endorsements by firms.

The practice hitherto followed by this office in respect of endorsements on notes by private firms is based on the provisions of para 44 of the Government, Securities Manual and the opinion expressed by the Government Advocate in his memo *5744* dated *16.4.23* (copy enclosed).

22

Though, as suggested in para 108(1) of the report, no rule is necessary for absolutely accepting endorsements made by any firm, even in the case of securities of Rs.5,000/- or less, still it seems necessary to invest Comptroller with discretionary powers either to accept or reject such endorsements.

23

As regards, paragraph 108(2), where the actual applicant for conversion etc, is a firm and the converted renewed etc, notes etc, are issued, in the name of the firm, no enquiry about its constitution is deemed necessary. If Government approve of this suggestion, work will be disposed of very promptly.

24

Paragraph 110. Under the securities Regulation of 1925, the Comptroller as the prescribed Officer, is the final authority in respect of all Mysore State Loans. In the Government of India, the Controller and the Deputy Controllers of the Currency, have been authorised to accept liability on behalf of the Government of India without limit of amount, for the renewal, consolidation etc, of Government Promissory Notes, in the disposal of cases referred to the former by the Public Debt Office.

To facilitate the expeditious disposal of cases and ensure safety, Government may be pleased to similarly authorise the Comptroller to accept such liabilities.

25- Para 113. Additional facilities. Mysore loans appear to be very popular both in Bombay and Calcutta, especially in the former place, and to make them more attractive, it is very desirable that more facilities should be created by arranging for enfacement, renewal, etc, of the securities in Bombay, Calcutta ^{or} and Madras. This procedure is worthy of serious consideration especially when a new conversion loan is under contemplation. If Government approve of the general principles, details may be worked out separately.

26. Para 114. Inspection of the State Loan Section.

In view of the magnitude and the nature of the transactions conducted in the State Loan Section of this office in which are combined the functions of the Controller of the Currency and the Public Debt Offices, It is desirable that it should be inspected ^{periodically} by one of the Senior Assistants of my Office, or an Officer specially deputed by Government in this behalf.

I have the honour to be,

Sir,

Your most obedient servant,

S.S.

V. Channarayana
Comptroller.

6/10/26

9/11/27

To

No: 524 of 1923

Dated 16-4-1923

The Comptroller in Mysore, Bangalore.

Sir,

With reference to your letter Nos. 3965/SL dated the 10/12th March 1923, I have the honour to state that the ~~best~~ best course under such circumstances appears to be to call upon the firms concerned to produce registered deeds of ^{Partnership} ~~partnership~~ relating to the constitution of the firms or in the alternative, Some other satisfactory evidence as to who are the partners of the firm and to secure from them the specimen of signatures of persons signing on behalf of the firms and of their seal. This latter course can best be adopted by calling upon the partners to file with you affidavits containing the above particulars together with the specimen seal and signatures.

Once this is done, you will be able to easily see whether the endorsements are properly made or not. The second of the alternatives proposed by you in your letter appears also to be quite good.

As regards the point raised regarding Mr. Puttu Row's bond, I have recorded my opinion on the note form itself.

The enclosures to your letter under reference are herewith returned.

I have the honour to be,
Sir,
Your most obedient servant,

(Sd) M. Sankaranarayanan Rao.

Proceedings of the Government of His Highness
the Maharaja of Mysore.

...

Read:-

Letter No.S.L.4023 dated 12th June 1926 from the Comptroller forwarding for information the report drawn up by Mr. E.V.Ganapathi Iyer on the organisation and management of the Public Debt work in the Mysore State as a result of his study of the system of work in Bombay.

2. Letter No.240 S.L. dated 7th August 1926 from the same officer forwarding extracts from the above report and requesting orders of Government thereon.

Order No. H/3212

C.F.40.25.97.

Dated 21 October 1926.

Government are pleased to pass the following orders in respect of ^{the} points brought to notice.

The Comptroller is requested to suggest ~~the~~ necessary amendments to the Rules under the Securities Regulation ^{whenever the procedure} ~~in respect of these points that~~ involves amendment to existing rules.

now sanctioned
1. Transactions in the Public Debt Office receiving securities over the counter.

The Comptroller states that getting transactions done over the counter is the simplest and the most convenient way. Government approve of the adoption of this arrangement as far as possible.

P.T.O.

2. Taking an affidavit on oath

~~of bonds of small amounts.~~ In the case of lost notes ~~taking an affidavit on oath~~ with a stamp fee of Rs. 2/- regarding the fact of nonnegotiation of the securities in question by the owner.

Government agree that the provision relating to the taking of an affidavit on oath is a ~~very~~ whole some one and that ~~the~~ adoption ^{of the provision} will facilitate disposal of cases of title to bonds presented to Comptroller before or after receipt of report of loss. But it will be a hardship on the poor investor if ~~this~~ ^{on even} should be insisted in the case of bonds of value below Rs. 100. They ~~are~~ ^{are} accordingly pleased to direct that in all cases of report of lost notes ~~of and above~~ ^{below} the value of Rs. 100 this ~~may~~ ^{may} be insisted on.

Government agree that ~~some relaxation is called for~~ ^{on non-transferable cases of bonds of value less than Rs. 100} for. The Comptroller may issue duplicates ~~of lost notes~~ ^{of bonds} immediately without any bond of indemnity ~~last notes of less than Rs. 100~~ ^{provided the} claimants adduce sufficient proof to him of the notes having been destroyed and that further when the applicant is not the last registered holder, he satisfies the Comptroller by documentary evidence that he is the last legal holder tracing his title back to the last registered holder.

4. Non-transferable Deposit Receipts.

The proposals of the Comptroller re: the issue of non-transferable deposit receipts in lieu of counter part notes are approved.

4. Levy of fees on registration of succession certificates, Powers of Attorney, etc.

Government approve of the proposal of the Comptroller that in the case of documents tendered merely for registration a sum of one rupee be recovered as registration fee.

This procedure need not be insisted in case of bonds of value below Rs. 100. It is a hardship on the poor investor if this should be insisted in the case of bonds of value below Rs. 100. They are accordingly pleased to direct that in all cases of report of lost notes of and above the value of Rs. 100 this may be insisted on.

That the bonds lost notes have not been endorsed by the owner.

Exchanged an affidavit as a 2 Rs. stamp fee.

3. Procedure regarding issue of duplicates of notes in the case of bonds of denominations below Rs. 100 i.e., 12/8, 25 and 50.

The present procedure for issuing duplicates of lost notes is needlessly cumbrous in the case of bonds of small amounts.

Proposed by -
Mr. A. S. B. -
Q

5. Procedure to be followed for renewal of pro-notes in case of dispute as to title.

Government approve of the proposal made in para 44 of Mr. Ganapathi Iyer's note in so far as the stop notice relates to applications for renewal under Section 11 of the Regulation.

6. Procedure for recognising trusts under Section 3 (2) of the Regulation VIII of 1925. Para 5.3 of Mr. Ganapathi Iyer's note -

Government consider that for purposes of general guidance the Government of India procedure in this behalf ^{may} ~~should~~ be kept in view but doubtful cases should be sent up to Government for orders.

Negotiation of securities standing in the

4.
name of minors:-

~~No change is called for.~~ The ruling already given in Govt. Order No. Fl.1355 G.F. 40-25-93 dated 18.8.26 should be followed.

Change of name.

Changes in the names of holders of securities may be recognised when such changes have been published in the Gazette and fresh endorsements are made in the new name.

Endorsements in Green Ink.

The Comptroller's attention is drawn to the Circular Order No. G.9402-52/G.M.176-25-1 dated 22.5.26, directing that all official documents, Bills, vouchers, and communications be prepared and signed in Black or blue black ink. He is requested to insist on this ^{direction} as far as possible; this cannot ^{however} be legally enforced.

Certification of endorsements in Govt. Pronotes.

The procedure already ordered in G.O. No. Fl.1350 G.F.255-25-2 dated 18th Augt.1926 should be followed.

Endorsements by Firms.

The existing system is working well and Govt. consider that there is no need to alter it.

Liability which the Comptroller may accept on behalf of Government.

Rules have already been notified defining the powers and functions of the Comptroller and Govt. are not in favour of ~~permitting~~ the Comptroller ^{accepting} ~~to accept~~ any liability on behalf

of Government for the renewal, consolidation, etc., of State loan bonds beyond what is provided for under the rules.

Additional facilities.

The Comptroller is requested to submit detailed proposals for separate consideration in the matter of creating more facilities for popularising the Mysore bonds among investors.

Inspection of the State Loan Section.

Government agree that it is desirable that the State Loan Section should be inspected periodically say once a year by the Comptroller personally or one of his senior assistants or by an officer specially deputed by Government in this behalf.

The Comptroller may take necessary action accordingly.

Mull 15/10/26

h 12.10.26

Financial Secretary to Govt.

Ba

To

The Comptroller to Government.

Copy to L & L Sect